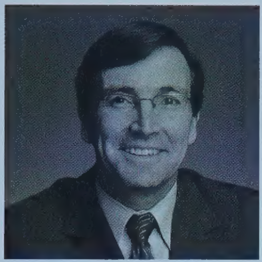
INNOVATIVE MANUFACTURING, PACKAGING AND LABELLING SOLUTIONS

CCL Industries Inc. 2002 Annual Report


NEW
L.A. LO
straight
Suave®
SKIN THERAPY
FACE
UV PROTECTIVE
Moisture Lotion
SPF
15
4 FL.OZ. (118ml)



Donald G. Lang
President and Chief Executive Officer

Over the past three years, CCL's business goals have concentrated on five critical areas: putting the right people in the right positions; increasing focus by divesting non-core and under-performing businesses; improving operational efficiency; enhancing cash flow; and improving our value proposition for customers through cost reduction and development of innovative products and services. I am pleased to report that during the past year we made substantial progress in all of these areas, resulting in CCL's operations achieving a record level of sales and profitability in 2002.

Earnings per share at the operating level in 2002 were $1.70, an increase of 40% over 2001 and exceeding the previous record high of $1.68 in 1999 restated on a comparative basis. Sales from continuing operations of $1.7 billion were up 5% compared to 2001. The Company generated $139 million in cash from its operations and significantly reduced its investment in working capital. Cash on hand at year-end, totalling $156 million, represents a $43 million year-over-year increase, in spite of major outlays on capital expenditures, debt repayment, share repurchases and dividends to shareholders amounting to $124 million.

Our operating success throughout the year coupled with market confidence in the consumer products and packaging sectors also led to the strong performance of CCL's stock price, which rose from $14.60 at the start of 2002 to $19.46 at year's end – an increase of 33%.

All divisions contributed to CCL's success in 2002, through improved operational efficiencies, cost reduction measures and strong management of all aspects of the business. Even though a sluggish economy continued in North America and, more notably, in Europe, CCL was able to make these improvements despite this unsettled business environment. Although not recession-proof, the products we manufacture – products that people buy and use every day such as shampoo, toothpaste and deodorant – help us to weather the peaks and valleys of the economic cycle.

Equally important as the external economic environment are the fundamental shifts that have been transforming the retail sector and the consumer products industry. First and foremost has been the consolidation in the retail sector that has resulted in a handful of players wielding tremendous influence over the entire consumer products supply chain. As these retailing giants continue the push to sell products at the lowest possible prices, cost cutting has become the focus at every point along the chain. As a low-cost producer, continually focused on the most cost efficient processes and products for our customers, this is not a new challenge for CCL.

This cost-push from the top has also triggered fundamental changes with our customers – the global marketers of consumer products – that have encouraged them to adapt and rethink their manufacturing strategy. A major trend, for example, has been the shedding of non-core brands and applicable assets, while at the same time, leveraging core brands that transcend borders and have global appeal. This strategy, coupled with the need to lower costs, has encouraged marketers to foster alliances with capable suppliers of value-added services, such as CCL, that can help them get their products from concept stage to store shelves – quickly and efficiently.

To keep in step with changes occurring in the supply chain, CCL has also been refocusing its business over the last three years, positioning us better to seize opportunities and putting us well within reach of our goal to be the global leader in manufacturing, packaging and labelling solutions for the consumer products industry. All divisions are focused on the key drivers of our business strategy, namely: cost reduction and prudent reinvestment; operational and product innovation; and seamless integration with our customers.

To succeed, not to mention survive, in this hypersensitive cost environment, all players have had to reduce costs. Over the past few years, CCL has done this by divesting non-core, non-performing businesses as well as through refocusing parts of the business to eliminate inefficiencies and increase profitability. Early in 2002, CCL sold its Canadian Custom Manufacturing paint and insecticide businesses to allow the management team to concentrate their energies on their main customer base – the major marketers of personal care, household and medicated over-the-counter (OTC) products.

Another more recent example of this took place at our Los Angeles, California Plastic Packaging plant which had been producing both closures and plastic tubes under one roof. To reduce the operational complexity and the multiple technologies at one site, we moved the dispensing and tube closure business to our joint venture in Libertyville, Illinois and announced the sale of the balance of our non-strategic closure business that remained in L.A. Now the Los Angeles facility can do what it does best – making plastic tubes – and our closure operations can be managed by injection molding experts. This is critical for our plastic tube business as we integrate tube production between our L.A. plant and our new facility in Wilkes-Barre, Pennsylvania, so as to serve customers from coast to coast.

Carefully considered reinvestment across the Company has been another part of our ongoing strategy to increase efficiency and broaden our capabilities within our focused market approach. Over the last few years CCL has incorporated stringent capital spending criteria and controls to help us achieve our cash management objectives. As we move forward, however, we have identified a number of opportunities for growth that will require increased investment.

CCL Label, for example, is currently operating with 160 presses of various types and vintages as a result of past acquisitions. Based on today's sales, we determined that the same amount of work could be done with fewer new state-of-the-art presses. Thus, a re-capitalization program has been set in motion to replace the majority of our presses over a five-year period, financed through internal cost and working capital reductions with little to no actual net investment in the division. This past year, 12 new presses were purchased and many other presses were moved to locate the printing assets where they could be more focused on specific markets and products.

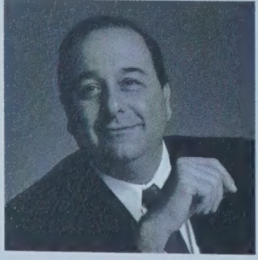
When the re-capitalization program is complete, there will be fewer presses and a more consistent technology approach in each facility. Just as important, however, are the lower maintenance costs, reduced inventory and decreased overhead. As well, having an inventory of state-of-the-art presses will allow us to be more competitive and expand into growth sectors such as pressure-sensitive labels for food products and expanded content labels for pharmaceutical applications.

Innovation is another key to our customers' and our success. In a recent address at the Health and Beauty Aid Global Expo, the Chairman of Estee Lauder Companies, Leonard Lauder, observed that "Innovation is the currency of the future and will be the difference between the winners and losers in the next ten years." At CCL, the drive to be innovative is taking increasingly more of our capital dollars. Whether it's helping customers to design packaging solutions or taking advantage of new ways to integrate our information and logistical support, our performance on the innovation scorecard continues to be a priority.

This was certainly the case during 2002, as we helped marketers introduce distinctive products in the high-growth food and beverage sector. Container Division's innovative resealable aluminum bottle, for example, is being used as an eye-catching container for high-end energy and New Age beverages – a product area where North American per capita consumption went from about 7 gallons annually in 1993 to just over 15 gallons in 2001. Two additional production lines have been ordered to meet the growing

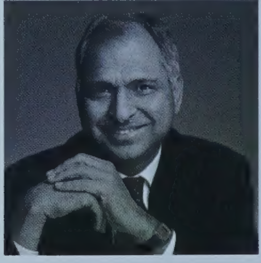
Steven Lancaster
Senior Vice President and Chief Financial Officer

Mary Roy
Vice President Environmental and Regulatory Services



Richard Zakaib
Vice President Corporate Development

Janis Wade
Senior Vice President Human Resources and Corporate Communications



Akhil Bhandari
Vice President Information Technology and Chief Information Officer

demand for these and other containers which will increase the division's total production capacity by 20%. The first line is scheduled to commence production in the fourth quarter of 2003, with the second coming on stream in the second quarter of 2004.

During the year, both the Container and Custom Manufacturing Divisions also helped bring a ready-made aerosol cake-decorating spray to market, in this case capitalizing on another consumer trend: the demand for convenience products. Similar opportunities exist as we identify ways of taking other food products out of traditional metal or glass containers and putting them into squeezable plastic tubes, again marrying convenience with the desire of marketers to differentiate their products. This is a trend that took place in health and beauty products starting a number of years ago, and we believe food packaging presents a great potential for all our divisions over the long-term.

On another front, CCL is well-positioned to become a seamless extension of many of our major customers as the result of an eBusiness strategy enabling the exchange of critical information with customers and suppliers. This systems integration strategy is already bringing about cost and working capital efficiencies by shortening the supply chain. While such systems have affected all divisions, early benefits are already being realized by Custom Manufacturing, which has been chosen by Procter & Gamble as the first contract manufacturer with which to pilot produce-to-demand electronic supply chain management.

Tim Burns, President of Cranial Capital Inc. and a recognized packaging industry analyst, has said that, "the trend is toward complete encapsulation of the client, where the client sees the supplier as an innovative, indispensable part of their own business." We believe that CCL is well on the way to becoming just such a supplier, as we strive to become a seamless extension of many of our major customers who are focusing on their core competencies of product development and marketing, and looking to us as their broad-based manufacturing resource and provider of packaging solutions.

CCL has also continued to make progress in putting the right people in the right places, and in so doing we are building high performance teams in all of our divisions. This approach has been extended to our Board of Directors which has displayed its governance capabilities through assisting in strategy development, monitoring operational execution and having its own performance reviewed by an independent consulting firm. Good governance and compliance with TSX recommended guidelines are of extreme importance to our shareholders as well as to CCL's Board and management team.

Much has been achieved in 2002 and in the two years preceeding. In 2003, CCL will continue to focus on core businesses that can defend and grow their market leadership, not to mention generate long-term profitability. We will also continue our focus on cash flow and increased operational and people performance.

Of course, corporate strength and viability are built on more than strategies alone. At CCL, much of our success can be traced back to our people. From a Board of Directors that is actively engaged in governing, to a highly capable management team, to energetic, creative employees at all levels and positions, it is the people of CCL who have made us what we are today and who are contributing to what we will be tomorrow.

Donald G. Lang
President and Chief Executive Officer

Jon K. Grant
Chairman of the Board

Mel Snider
Executive Vice President

Paul Cummings
President
CCL Custom Manufacturing

Rami Younes
President
CCL Container

Geoffrey Martin
President
CCL Label

Gene Dorsch
President
CCL Plastic Packaging

Whether it's highly decorated plastic tubes, shaped aluminum containers that are environmentally friendly, multi-colour pressure-sensitive labels, bottles of shampoo or specialty food sprays, CCL supports its customers, the global marketers of consumer products, from operations around the world. This is achieved through cost-efficient manufacturing facilities that adopt the best technologies and processes to meet customers' changing requirements.

Take our Custom Manufacturing operations, for example, where we produced over a billion units in 2002, many of these products requiring exacting standards, such as skin and sun care lotions, toothpaste and shampoo. Carrying this out calls for 'round-the-clock operations, tight production schedules and unsurpassed attention to quality and operating procedures.

Another key to operational excellence is the strategic location of CCL's facilities. Typical of this is our new tube operation in Wilkes-Barre, Pennsylvania that is well on its way to becoming a world-class manufacturing plant, equipped to supply our many cosmetics customers on the U.S. east coast with high-end plastic tubes. And in Europe, we're expanding our manufacturing base in the Label Division so as to supply our global customers with a presence in the United Kingdom and Continental Europe.

Key to the success of all CCL facilities are employees with a Continuous Improvement mindset who are able to blend customer satisfaction with bottom-line results. Such attention to detail has helped CCL to differentiate itself from competitors, by offering some of the most innovative manufacturing and packaging solutions as well as our high standard of quality and service.

OPERATIONAL EXCELLENCE

"We operate in a highly competitive environment where we get the work because we can do it better and less expensively than the competition. We're constantly searching for more efficient ways of doing things, something all employees at CCL are encouraged to do. And we're all aware that even one bottle of shampoo that's not up to standard is one bottle too many."

Otto D'Ascanio, *Plant Maintenance and Special Project Manager*
CCL Custom Manufacturing Rexdale, Ontario (43 years service)

CCL Industries has come a long way since 1951 when it started out packaging aerosol products such as hairspray and air freshener. Just as the times have changed, so have we. Innovation has been an important element – helping us evolve with the changing marketplace and our customers' expectations – so that today we are recognized as an innovative problem solver able to offer some of the most creative manufacturing, packaging and labelling solutions in the industry. Innovative solutions that have propelled CCL to leadership in each of its markets.

Our packaging and labelling solutions give consumer products companies the tools to differentiate their products in a cluttered marketplace – like CCL Container's resealable aluminum 'bottle' that is helping specialty beverage-makers grow in the lucrative sport and New Age drink categories. Or CCL Label's technology and know-how that give products – from the health and beauty counter to the food aisle – the colour, graphics and visual appeal to catch the consumer's eye.

But innovation is not just about new products and packaging, it's also part of the operating force that can be found in all CCL divisions – be it developing new processes to increase efficiency and reduce costs or adapting equipment to help a customer launch a new product. It is also the ability to look at what we do and identify how we might add value to the equation.

Innovation also applies to the way we look at our markets and the industry in which we operate. And it involves constantly trying to push the boundaries on our products and services, so they can add value within different markets. This is how an aerosol container for a personal care product became a container for a fire extinguisher, for example. Adaptations such as this can create a competitive advantage for our customers as well as help CCL grow in another segment of the marketplace.

To foster a culture of innovation, CCL each year recognizes the efforts of Continuous Improvement teams – groups of employees found in all our facilities – that come up with better approaches for dealing with everything from manufacturing throughput to working capital management.

CONTINUOUS INNOVATION

"I don't look at our division as an aerosol can manufacturer. Instead, I see us as a company that can punch, form and shape, spray and paint aluminum. Given that, we then open our minds and ask: 'How can we take an object like an existing aluminum canister and push the boundaries so that it becomes something new and different with market appeal?' Which is precisely how our popular new beverage bottle came about."

Mark Goda, *Director of Research and Development, CCL Container*
Hermitage, Pennsylvania (17 years service)

At CCL Industries we have a long track record of service and dependability, which is why we are a trusted outsourcing and supply partner to many of the best-known consumer brand companies in the world. In *Fortune Magazine's* 2002 listing of "America's Most Admired Companies," CCL is proud to claim nine of the top-ten firms listed in the soaps and cosmetics category as customers.

Some of these companies have been valued customers since we began business over half a century ago. Through the years, they've looked to us for innovative ways of not only getting existing products to market but also turning potential products from concepts into reality through our packaging and decoration solutions. By focusing on our core strengths of product manufacturing, packaging and package decoration, we let them get on with what they do best: building strong brands through research, development and targeted marketing.

The significant investment that CCL has already made in eBusiness systems is helping us build even stronger alliances with our customers – as the walls between us are removed and non-value paper transactions become a thing of the past. Our seamless methods spell greater efficiency at many points – from product ordering to delivery scheduling – and make CCL a more nimble and flexible part of the supply chain, where improved raw material procurement and inventory control equal reduced costs. This is becoming increasingly important as major retailers demand instant restocking of shelves, and everyone in the chain is striving to reduce inventories and increase the speed to market.

CUSTOMER FOCUSED

"When I think about a supplier, I think about being able to pick up the phone and say, 'I know I asked for those labels to be shipped in two weeks' time. Would it be possible to get them in three days instead?' and not get the response 'That's impossible, it doesn't fit our schedule.' A good supplier is willing to be flexible and to make life easier for customers – that's how you gain their confidence and trust through time."

Jim Sellors, *Vice President & General Manager, CCL Label, Canada and Mexico (1 year service)*

CCL has many stakeholders to satisfy when it comes to corporate responsibility – customers, shareholders, employees, suppliers and the communities in which we operate. Achieving success on all these fronts requires prudent fiscal management, ongoing communication and informed decision-making around reinvestment in the business, including when and where expansion should take place. This enables CCL to grow strong alliances with its customers, provide greater opportunities for its employees and suppliers, enhance value for its shareholders and contribute to its communities.

Corporate responsibility also enters into CCL's approach to corporate governance. Both management and our Board of Directors place great importance on openness around financial disclosure, so that investors can make informed financial decisions. Indeed, CCL's Board carefully balances shareholder needs with prudent long-term business decision-making.

Another area of corporate responsibility at CCL concerns the health and safety of employees and the protection of our environment – managed through plant audits and the constant monitoring of safety, performance and costs. CCL also encourages continuous learning throughout the business through its scholarship program for employees' children.

Last but not least is our responsibility to the communities in which we operate. Each year, CCL supports charitable organizations both with financial contributions and by encouraging and assisting employees in their local volunteer efforts. The end result is that CCL has emerged as an industry leader with global presence and a strong sense of responsibility and accountability to all stakeholders.

CORPORATELY RESPONSIBLE

"Rather than focusing on bottom-line results alone, we pay close attention to all the items on our balance sheet – from how loans are structured to the management of working capital. This helps ensure that the long-term cash resources are always on-hand for CCL to take advantage of new opportunities and to grow our areas of core expertise, without having to rely as heavily on outside lenders."

Valerie Wong, *Manager of Treasury Services, CCL Corporate Office (15 years service)*

CCL TODAY


salonselectives
#1 DERMATOLOGIST RECOMMENDED
Eucerin
DRY SKIN THERAPY
DAILY REPLENISHING LOTION
All Day Moisturization
Absorbs Quickly
FRAGRANCE FREE
PRIVATE SPA COLLECTION

CUSTOM MANUFACTURING DIVISION

Paul Cummings
President
CCL Custom Manufacturing

OUR BUSINESS

The leading contract manufacturer of consumer products in the world, with a spectrum of value-added outsourcing services focused on bringing our customers' products successfully to market. Our expertise includes: formulating, filling and packaging; project planning and consulting to help launch new products and fulfill ongoing customer needs; purchasing strength to source raw materials cost effectively; and seamless systems integration with customer and supplier networks to ensure timely product delivery and supply chain efficiency.

From our plants in the United States, Canada, the United Kingdom and Germany, we provide manufacturing outsourcing solutions to the world's leading marketers of brand name products in the following categories: personal care, over-the-counter (OTC) medications and oral care, specialty foods and household products.

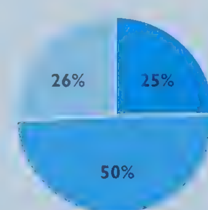
OUR PRODUCTS

More than 700 products in a variety of formats: aerosols, liquids, creams, lotions, pastes and solid sticks – from shampoos and conditioners, to sun care and specialty skin products, to pan sprays, to domestic and industrial cleaning products.

OUR INDUSTRY

Our customers are the major international and national consumer products marketing companies in personal care, OTC medications and oral care, specialty foods and household products. Many of these marketers are consolidating and selling non-core brands, while concentrating on building a stable of global brands – in response to the effect of powerful retailers that demand cost competitiveness and manufacturing efficiency. To help lower costs and increase production flexibility and speed-to-market, marketers are turning to manufacturing outsourcers to produce many of their products, freeing them to focus on core competencies such as research, development and marketing.

Sales by Region



2002 HIGHLIGHTS

- Record financial performance.
- eBusiness Supply Chain Management strategy added over 30 vendors to our system portal and dramatically boosted supply chain efficiencies.
- Introduced a gel aerosol line at the Danville, Illinois facility to support demand in the North American gel shaving lotion business.
- Added capacity at the Cumberland, Rhode Island facility with a new aerosol line and compounding equipment for personal care aerosol and solid stick production.
- Divested K-G Packaging to allow greater focus as the business and its customers were not aligned with the rest of Custom Manufacturing.

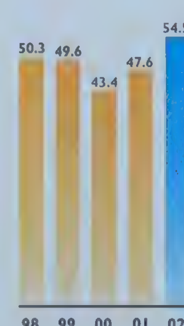
OUR STRATEGY

We are continuing to drive the growth of our business by enhancing our value proposition to our customers. We are achieving this goal by:

- Aligning our business processes with those of our customers. Our enhanced Supply Chain Management initiative is a key element of this strategy.
- Adding capacity and broadening our capabilities to better accommodate growth and the increased need for flexibility by our customers.
- Intense focus on improvements to our processes. We continually seek ways to reduce our costs and streamline our business and manufacturing processes.
- Selective acquisitions where we can add complementary capabilities and broaden the range of services to our customers.

Our goal and our vision is to be recognized as our customers' first choice for the supply of contract manufacturing services.

Operating Income
Millions of dollars



Rami Younes
President
CCL Container

Gene Dorsch
President
CCL Plastic Packaging

OUR BUSINESS

A technological leader in the creation of unique packaging solutions. We are a North American leader and manufacturer of high-quality, specialty containers. We supply unique and highly decorated packaging solutions for the world's leading marketers in a wide variety of sectors, including: personal care and cosmetics, pharmaceutical, food and beverage, household and industrial.

By constantly exploring new concepts, materials and marketing trends we are able to provide marketers with the latest in packaging innovations – allowing them to bring excitement and vibrancy to new products while helping them to revitalize existing ones. Customers are served from our facilities in Canada, the United States, Mexico and Costa Rica.

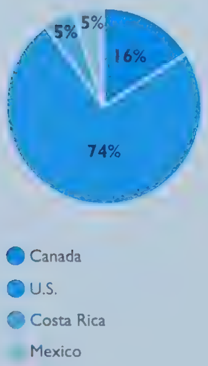
OUR PRODUCTS

CCL Container offers a broad range of highly decorated and innovative packaging options, including: recyclable aluminum aerosol cans, highly decorated and shaped aluminum containers, regular and textured or shaped plastic tubes and jars, specialty dispensing closures and aluminum, tin and laminate tubes.

OUR INDUSTRY

As the leading supplier to marketers of products in personal care, cosmetics, pharmaceuticals, food and specialty beverages, our customers continually look to us for ways to differentiate their products from that of the competition. We help them by developing vibrant, eye-catching and convenient solutions. Innovations like new shapes for aerosol containers and resealable aluminum bottles for premium beverages have helped develop new markets for us. Growth within the industry is more product specific; however, good opportunities exist both with our current customer base and in related industries such as food. In everything we do, efficiency and cost-effectiveness are critical considerations, balanced with the need for unique packaging alternatives.

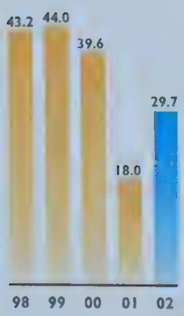
Sales by Region



2002 HIGHLIGHTS

- Contributed significantly to 2002 improved results.
- Assisted beverage marketers such as Snapple Beverage Group and Vincor International Inc. distinguish their products in the beverage marketplace through our innovative aluminum bottles.
- Launched 11 new shapes for aluminum aerosol and beverage containers.
- Purchased a new high-speed aluminum container manufacturing line for our Penetang, Ontario facility.
- Purchased and installed a new state-of-the-art plastic tube line at our Wilkes-Barre, Pennsylvania facility to begin conversion to a world-class manufacturing facility.
- Refocused the Los Angeles, California facility through the successful move of the dispensing and tube closure business to Libertyville, Illinois specialty closure facility.

Operating Income
Millions of dollars



OUR STRATEGY

Continue to grow our market share by developing innovative containers and closures, providing customers with creative packaging solutions that are right for the times and the marketplace. This strategy includes the addition of new technologies as required and the ongoing pursuit of increased efficiency to reduce costs and maintain a high level of service.

LABEL DIVISION

Geoffrey Martin
President
CCL Label

OUR BUSINESS

We are a leading global producer of decorative prime labels and promotional products. We design and print a wide range of high-quality pressure-sensitive, shrink sleeve and in-mold labels for a broad range of consumer and healthcare applications.

We have a long and successful history of providing high-impact, innovative and interactive labelling solutions for leading consumer product marketers in a variety of sectors: household and personal care, healthcare, premium food and beverage, and consumer chemicals. Our customers are served from facilities in the United States, Canada, the United Kingdom, Continental Europe, Mexico and in Thailand which is scheduled to start up in late 2003.

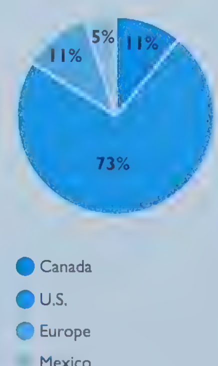
OUR PRODUCTS

CCL Label offers customers a spectrum of options for product identification and brand decoration, including: high impact, multi-colour film labels for leading household and personal care brands; expanded content labels for regulatory information required on healthcare and consumer chemical products; gravure printed "no look" labels for decorating premium beverage and food containers; and specialized printing services for promotional coupons and games.

OUR INDUSTRY

While the North American label industry is growing at a slow to moderate pace, many growth opportunities exist as marketers search for new applications and look to larger suppliers to reduce costs and improve supply chain performance. CCL Label is the leading manufacturer of pressure-sensitive labels for decorative labels in North America. The business also has a strong position in the more fragmented healthcare sector and is one of three major suppliers in the United States of specialized game pieces for consumer promotions. In Europe, we are a major supplier for leading brands in the personal care market. International markets continue to grow at a faster rate with the emerging economies in Asia, Eastern Europe and Latin America offering double-digit growth rates to new entrants.

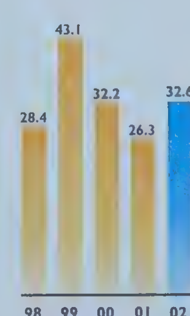
Sales by Region



2002 HIGHLIGHTS

- Acquired five plants in the United Kingdom and Continental Europe to serve our large global customers that manufacture in the European Economic Community.
- Announced our intention of a joint venture with Pachem, the Austrian-based supplier of pressure-sensitive, in-mold and shrink sleeve labels for premium brands in the European food and beverage markets.
- Added 12 new presses as part of our ongoing technology upgrade program.
- Commenced plans to serve customers based in Asia from a new greenfield facility in Thailand.
- Improved overall financial performance.

Operating Income
Millions of dollars



OUR STRATEGY

Our mission… "To be the global supply chain leader of innovative premium package, and promotional, label solutions for the world's largest consumer and healthcare companies."

We will continue to invest in acquiring businesses, or deploying assets, in locations that match our customers' own supply chain infrastructure, giving them competitive advantage in total cost of ownership of the brand decoration process, plus innovation and speed to market for new products.

FINANCIAL HIGHLIGHTS

(in thousands of dollars except share data)

For the year ended December 31	2002	2001
Sales	$ 1,684,939	$ 1,600,497
EBITDA	$ 184,056	$ 159,879
Depreciation, and amortization of other assets	75,785	73,439
Interest	30,859	32,415
Income from operations before unusual items, income taxes and goodwill amortization	77,412	54,025
Unusual items (net)	39,082	7,684
Earnings before income taxes and goodwill amortization	38,330	46,341
Income taxes	16,511	7,993
Earnings before goodwill amortization	21,819	38,348
Goodwill amortization, net of tax	–	13,457
Net earnings	$ 21,819	$ 24,891
Per Class B share		
Earnings before goodwill amortization	$ 0.65	$ 1.08
Earnings before unusual items	$ 1.70	$ 0.83
Net earnings	$ 0.65	$ 0.70
Cash flow before unusual items	$ 3.94	$ 3.39
At year-end		
Total assets	$ 1,342,749	$ 1,454,991
Net debt	$ 366,279	$ 435,755
Shareholders' equity	$ 436,996	$ 563,704
Net debt to equity ratio	0.84	0.77
Return on average equity (before unusual items)	11.5%	5.3%
Net debt to total capitalization	45.6%	43.6%
Book value per share	$ 13.10	$ 16.52
Number of employees	7,000	6,900

Years ended December 31, 2002 and 2001 (tabular amounts in millions of dollars except per share data)

This document has been prepared for the purpose of providing Management's Discussion and Analysis (MD&A) of the financial condition and results of operations for the years ended December 31, 2002 and 2001. This MD&A should be read in conjunction with the Company's December 31, 2002 year-end financial statements, which form part of the CCL Industries Inc. 2002 Annual Report dated February 13, 2003. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and unless otherwise noted, both the financial statements and this MD&A are expressed in Canadian dollars. CCL's Audit Committee and its Board of Directors have reviewed this MD&A to ensure consistency with the approved strategy of the Company.

Certain statements contained in the following Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements, including statements concerning possible or assumed future results of operations of the Company. Forward-looking statements typically are preceded by, followed by or include the words "believes," "expects," "anticipates," "estimates," "intends," "plans" or similar expressions. Forward-looking statements are not guarantees of future performance. They involve risks, uncertainties and assumptions, and the Company's results could differ materially from those anticipated in these forward-looking statements.

The Company

CCL Industries Inc. is a leading provider of innovative packaging solutions and value-added outsourcing services to national and international consumer product marketers of personal care, cosmetic, pharmaceutical, household and specialty food products. The corporate office of CCL, located in Toronto, Canada, provides centralized services such as treasury, risk management, legal, tax, human resources, information technology and environmental, health and safety, and oversees the activities of CCL's three stand-alone divisions: **CCL Custom Manufacturing, CCL Container and CCL Label.** The Company employs approximately 7,000 people and operates 35 production facilities in North and Central America, and Europe.

The Company's customer base is characterized by a significant number of consumer products companies which control a large portion of the global market. In recent years, the trend in this customer base has been for consolidation amongst the larger players and an increasing number of smaller niche players. The current strategy of many of the major consumer products companies is to promote fewer global brands and to sell off many of their non-core brands to these smaller marketers. The risks and opportunities of this industry trend, particularly for CCL Custom Manufacturing, are more fully discussed under the Divisions section below. Total demand for non-durable personal care and household products is fairly stable as consumers use them on a regular, often daily, basis; this tends to minimize volatility in demand for CCL's products and services. The state of the economy and world events do, however, affect demand and, in particular, marketers' plans for introducing new and/or promoting existing products. These factors directly influence the demand for CCL's products and services, and in the absence of gains or losses in market share, the Company's growth expectations should closely mirror industry trends.

CCL's vision is to increase shareholder value by providing the best total value to its customers as a successful, growing market leader in the production of quality consumer products and specialty packaging, and by building on the strengths of its people, manufacturing skills and strong international customer relationships.

A key driver in CCL's strategy is "focus." CCL aspires to be the market leader and the low-cost producer for each product line, service and geography it chooses to cover.

The Company's overall strategic focus for a number of years has been to maximize earnings and cash flow from its current manufacturing base while looking for opportunities through investment in equipment and innovation in new types of containers, labelling solutions and value-added outsourcing services in order to increase market share and to grow internationally with its customer base. The strategy also includes seeking attractively priced strategic acquisitions which bring technologies or synergies that expand and complement existing manufacturing capabilities for the same customer base. However, the Company also has a strategic focus on improving its return on assets. Action plans, which continue, were implemented in 2001 and 2002 to reduce investment in working capital and rigorously monitor capital spending. In addition, CCL continues with its plan to divest under-performing and non-core business units. Each division is responsible for developing an action plan, tailored to its specific opportunities, within this strategic framework. The activities and specific plans of each division are commented within the Divisions section below.

In early 2002, CCL announced that it intended to sell its Custom Manufacturing Division to CPG Income Fund. The Company viewed this strategic initiative as an opportunity to maximize the value of one of its core business units for its shareholders. This sale was abandoned when, due to a change in market conditions, it became apparent that the sale price would not be reflective of the Division's fair value.

The key financial target is to increase CCL's return on average equity to 15% by 2005. This target reflects the impact of the accounting change for goodwill amortization and impairment effective January 1, 2002. Return on equity, before unusual items, as at December 31, 2001 and 2002 was 5.3% and 11.5%, respectively. Management believes that this target level of return on equity is reasonable for the packaging industry and the Company. Management also believes that over this timeframe, taking into account both reasonably stable demand for non-durable consumer products and continuing benefits from its restructuring and continuous improvement programs, a targeted annual growth rate in earnings per share in the range of 10% is realistic. The Company will continue to focus on generating cash and will utilize some of the residual cash on hand for acquisitions and repurchasing its shares if the repurchase is accretive to earnings per share and improves return on equity.

CCL's strategy and its ability to grow and achieve attractive returns for its shareholders are shaped by key internal and external drivers, which are common to all three divisions. The key performance driver is customer satisfaction founded on a reputation for quality manufacturing, competitive cost, innovation, dependability and financial stability. All three divisions carry out regular formal customer satisfaction meetings with their key customers in order to obtain feedback on ways to improve these relationships.

As the major consumer product companies have consolidated and rationalized their manufacturing facilities over recent years, there has also been a trend throughout the supply chain, including CCL, to align with fewer suppliers in an effort to reduce purchasing and transaction costs. Greater economies can generally be achieved by committing higher volumes with suppliers.

All divisions invest significant capital and management effort in their manufacturing facilities in order to reduce costs, develop innovative products, maintain and expand existing capacity and continuously improve health, safety and environmental activities.

Although each division is a leader in market share for the markets they serve, they also operate in a mature and competitive environment. In recent years, the consumer products companies have experienced steady pressure to maintain and/or reduce their prices to the major retailers who are also consolidating. This has, in turn, resulted in a discipline throughout the supply chain for reducing costs in order to maintain reasonable profit margins at each level. This dynamic has created an ongoing challenge for CCL and its competitors to reduce and control their cost structures. Fortunately, unlike some of its competitors, CCL has the financial strength to invest in the equipment, innovation and information technology necessary to continuously strive to be the low-cost producer in the industry.

The cost of many of the key raw material inputs for CCL, such as chemicals, propellants, resins, aluminum, film, paper and inks, is dependent on the economics within the petro-chemical and electricity industries, and significant fluctuations in the cost of these inputs may affect the Company's profitability. CCL generally has the ability, due to size and use of long-term contracts with both suppliers and customers, to moderate fluctuations in prices and/or pass on increases.

Most of CCL's facilities are located in centres with adequate skilled labour, resulting in moderate pressure on wage rates and employee benefits. CCL's labour costs are competitive in each of the geographies in which it does business. The Company uses both annual and long-term incentive plans specifically designed for corporate and each division, to focus key employees on the objectives of achieving annual business plans and growing shareholder value through growth, innovation, cost reductions and cash flow generation.

Drivers common to all divisions for maximizing operating profitability are pricing orders based on size, including consideration for fluctuations in raw materials and packaging costs, and manufacturing efficiency. Efficiency is generally benchmarked, per production line, per order, against a target such as "throughput of

quality product," in addition to total utilization versus capacity available per production line or facility. Performance measures used by the divisions which are critical to meeting their strategic objectives and financial targets are EBITDA, return on sales, cash flow, days working capital employed and return on equity.

Management believes it has both the financial and non-financial resources, and the internal systems and processes in place to execute its strategy, manage key performance drivers and deliver targeted financial results over the next three years.

The Company's financial position is strong. As at December 31, 2002, cash and cash equivalents amounted to $156.1 million, an increase of $43.2 million from December 31, 2001. Net debt decreased $69.4 million during the year to $366.3 million as at December 31, 2002. Cash flow generated from operations during the year and expended on major outlays included $71.4 million for capital expenditures, $18.2 million on a business acquisition, $22.6 million on net debt repayment, $18.1 million, net of issuance, on repurchasing its shares and $11.4 million on dividends to shareholders. In 2001 and 2002, CCL reinvested approximately 76% and 94%, respectively, of its annual depreciation in new capital expenditures. In 2003, the Company plans to increase this level of capital expenditure, given the internal growth opportunities available. These capital expenditures and other major outlays in 2003 will be funded from cash generated from operations during the year and from surplus cash on hand. Additional detail is set out in the Liquidity and Capital Structure section below.

CCL is not heavily dependent upon specialized manufacturing equipment. Most of the manufacturing equipment employed by the divisions is relatively easy to source. The Company's competitive advantage centres on its process technology, its ability to develop proprietary tooling and its strong emphasis on customer service. However, some new manufacturing lines, particularly for the Container Division, take many months for the suppliers to construct, and such delays in delivery and/or commissioning can put a strain on customer expectations and plant profitability. The Company expects to enter into more strategic partnerships in the future as a method of obtaining additional proprietary technology in order to support growth plans and expand its product offerings.

The expertise of its employees is a key element to achieving CCL's business plans. This know-how is broadly distributed throughout the business and many facilities; therefore, the Company is generally not at risk of losing its competency through the loss of any particular employee or group of employees. Skills are constantly being developed within the employee base through on-the-job training and exploring alternative applications and processes for its manufacturing base.

The nature of the research carried out by the divisions is best characterized as application or process development. As a leader in packaging solutions, the Company spends significant resources assisting customers with improved product formulations and developing innovative specialty closures, containers and labels. While customers regularly come to CCL with concepts and request assistance in developing a commercial packaging solution, the Company also takes innovative packaging concepts to its customers. Company information and that of its customers is protected through the use of confidentiality agreements and by limiting access to the manufacturing facilities.

Over the past few years, the Company has invested significant time and capital to modernize and expand its business systems. This investment was critical, particularly in the Custom Manufacturing Division, to keep pace with customer requirements and to gain or maintain a competitive edge. Since this division produces "shelf ready" products for its customers, in many ways it is an extension of the customer's manufacturing base; therefore, it is essential to have the capability to seamlessly communicate with various sophisticated computer-based systems. Both the Custom Manufacturing and the Container Divisions require and have the capability for supply chain web-based integration with their customers and suppliers.

Divisions

Custom Manufacturing

The Custom Manufacturing Division is a leading provider of manufacturing and other value-added outsourcing services to international and national consumer product companies. It produces a wide range of personal care, over-the-counter medicated, household care and specialty food products in aerosol, liquid, cream, lotion, paste and solid stick formats. It has operated for over fifty years and currently has seven manufacturing facilities located in the United States, Canada, the United Kingdom and Germany.

The Division derives its revenues from the formulation and filling of consumer products based on customer specifications and from the provision of additional services as part of its full-service manufacturing capabilities. A filling fee is received for each unit formulated and filled. The filling fee plus the charges for additional services, if applicable, are reported as revenue at the time the goods are shipped and ownership transfers to the customer. The Division produces to specific orders from its customers, which are shipped from the facility following manufacture and generally not inventoried as finished product. Value-added services may include overall project management, process development, and supply chain management and reporting. In addition, full-service manufacturing often includes the procurement of chemicals and packaging materials. Approximately 70% of all raw materials and packaging used by the Division are procured by the Company, with the remainder being supplied by the customer. Under the procurement arrangements, the price of the materials plus a procurement and administration fee are invoiced to the customer. The procurement activity, although profitable, does not provide the same income per additional sales dollar as the formulation, filling and other outsourced services.

The Custom Manufacturing Division aspires to grow with the customer and to be its first choice for contract manufacturing and other value-added outsourcing services. The Division's strategy is to: (a) leverage its purchasing and manufacturing economies of scale, modern information systems and depth of experience to continuously expand its full-service and supply chain capabilities; (b) build on its manufacturing and technical expertise and its competence in environmental, health and safety compliance to diversify and focus on the more complex, higher value-added product categories; (c) continue to leverage its geographic base into additional business with global customers; and (d) pursue acquisition opportunities for technologies or synergies that expand or complement its growth strategy.

Most of the larger consumer product companies perform significant "in-house" manufacturing in addition to marketing their products to the retail sector. They also use CCL Custom Manufacturing or competitors, including offshore companies, to produce selected product lines, new product introductions, smaller run sizes and peak-period requirements. The Division has competitors in each country in which it operates; however, no competitor matches the size or has the international coverage of CCL Custom Manufacturing. In recent years, there have been a significant number of mergers within the customer and competitor bases. At the same time, some larger customers have been selling their non-core brands to new and smaller marketers in order to concentrate on mass-market brands. Many of these new and smaller marketers have no in-house manufacturing capabilities; instead, they outsource their requirements. This occurrence has been a growing trend, which creates a new customer base.

This current trend of marketer consolidation and facilities rationalization creates both risks and opportunities for the Division. A customer merger may result in economies of scale for the marketer, justifying the consolidation of manufacturing of products in-house or, alternatively, may necessitate outsourcing with contract manufacturers. In addition, as customers become larger through industry consolidation, they are also able to exert increased margin pressure on contract manufacturers, while striving to reduce their supplier base to obtain purchasing leverage and reduced transaction costs. CCL's Custom Manufacturing Division, with its size and reputation, financial strength, modern information systems and the geographic coverage of its plants, is a logical contender for any new outsourcing opportunities.

Management believes that in the near-term, the trend to outsourcing by consumer products companies will continue to grow for the following reasons:

(1) Outsourcing allows them to focus on their core competencies of product development, promotion and sales, and can facilitate the customer allocating capital to development as opposed to investing in manufacturing assets;

(2) It provides access to additional technologies, expertise and capabilities in manufacturing, processing and packaging;

(3) It facilitates new product introductions without undergoing changes to in-house manufacturing lines until market acceptance and sales levels justify doing so. Contract manufacturers generally have more flexibility in their facilities, and therefore outsourcing may accelerate getting new products to market;

(4) Contract manufacturers may also be able to provide lower cost production through economies of scale in procurement of raw materials and in production capabilities; and

(5) The escalating cost of healthcare and insurance encourages customers, with higher costs in these areas, to consider outsourcing.

Container

The Container Division is a leading manufacturer of specialty containers for the consumer products industry. The key product lines are specialty containers, which include recyclable aluminum cans and bottles, and plastic tubes and specialty dispensing closures. The Division also manufactures aluminum, tin and laminate tubes, and plastic jars. It operates from ten plants located in the United States, Canada, Mexico and Costa Rica. The Division functions in a competitive environment, which includes imports and the ability of customers, in some cases, to shift a product to an alternative package or to other manufacturers. There is no other manufacturer in North America who produces all of the Division's product lines.

The strategic plan, specific to this Division, includes growing market share through manufacturing excellence, exceeding customer expectations and innovation. The Division invests significant resources in the development of innovative containers such as its highly decorated and shaped aluminum cans and bottles, and highly decorated, textured and shaped plastic tubes. As an example, management in the aluminum can and bottle business unit strives to have ten new products under development at all times and measures their success in innovation through the percentage of total sales derived annually from products commercialized during the past three years. As demand for these new higher value products grows, the Division dedicates new lines and/or adapts existing lines to their production and may acquire new lines in order to maximize manufacturing efficiencies.

Revenue is recorded at the time goods are shipped from the manufacturing facility and ownership transfers to the customer. The Division generally produces containers to customer orders and specifications, and, under agreements with select customers, is required to hold minimum levels of finished goods.

Aluminum, energy, and polyethylene and polypropylene plastic resins represent significant variable costs. Aluminum is a commodity that trades on the London Metal Exchange and is supplied by a limited number of global producers. Volatility in aluminum prices can significantly impact manufacturing costs and may influence marketers to shift to alternative types of containers. The Division uses a hedging program, in combination with fixed price contracts with a number of its significant customers, to moderate the fluctuations in the cost of this commodity and to stabilize profit margins. Fluctuations in the market price of aluminum during 2003 will not have a material impact on the Division's 2003 operations as the majority of its estimated requirements have been hedged with futures contracts. Contracts have also been purchased to cover a significant portion of the customers' requirements under contract in 2004 and 2005.

There is no viable hedging mechanism available for plastic resins that is similar to the one used for aluminum. During 2002, prices for resins remained fairly stable due to economic activity being in balance with production. Expectations for 2003 are for modest increases in resin prices. The Division relies on contracts with suppliers to control costs and contracts with customers to control prices and pass on price increases for costs such as resin and energy. The industry traditionally has been able to pass on these cost increases over a period of time.

Management believes the market for shaped aluminum containers, the larger sized plastic tubes, and innovative decorating in all of its product categories will continue to grow. The market for the traditional aluminum aerosol, aluminum and tin tubes, and smaller sized plastic tubes is expected to grow modestly. The biggest risk for the Division's business base relates to customers shifting their products into containers of other materials such as steel, glass or plastic, leading to a loss in market share. The biggest opportunity is the possibility of acquiring market share from competitors for existing product lines and from the introduction of innovative new products such as the resealable aluminum bottle for the niche high-end beverage market.

Label

The Label Division is a leading North American and European producer of premium-quality labels and other promotional products for consumer product marketing companies in the personal care, food, beverage, healthcare and chemical segments of the industry. The Division's product lines include pressure-sensitive, in-mold and expanded content labels, in addition to other presentation or promotional products such as packaging inserts, shrink sleeves, and games and other promotional coupons. It currently operates from eighteen facilities located in the United States, Canada, Mexico, the United Kingdom and Continental Europe.

This Division operates within a sector of the packaging industry made up of a very large number of competitors who manufacture a vast array of product information and identification labels. There are many product categories that do not fall within the Division's target market. CCL Label's mission is to be the global supply chain leader of innovative premium package and promotional label solutions for the world's largest consumer and healthcare companies. The primary strategy is to provide creative and innovative product identification solutions for these companies on a global basis. It aspires to do this from regional facilities that focus on specific customer groups, products and manufacturing technologies in order to maximize management's expertise, manufacturing efficiencies and customer satisfaction. The Division will also continue to grow and expand its global reach through acquisitions, joint ventures, start-ups and "cross-sharing" of technologies with packaging partners.

During 2002, the Division acquired five plants in the United Kingdom and Continental Europe. In addition, in December 2002, it announced the intent to form a 51% controlled European joint venture with Pachem AG, headquartered in Hohenems, Austria, and expand its technology and know-how base in the decoration of food, beverage and battery containers. In January 2003, the Division commenced the establishment of a start-up operation in Thailand to supply global customers in the personal care and healthcare markets. This initial investment of approximately $6 million is supported by a contract from a significant customer. The Division will focus its expansion plans on Europe and Asia as it foresees strong market growth in these geographies compared to North America, where markets are more mature.

Revenue is recorded at the time goods are shipped from each plant and ownership transfers to the customer. The Division only produces labels to customer orders and specifications. Under agreements with select customers, the Division is required to inventory minimum levels of finished goods. In some cases, label inventories are held at the customer's manufacturing site and are invoiced and paid electronically, based on daily consumption.

The Division produces labels from paper and plastic film sourced from the paper and petro-chemical industries. CCL Label is generally able to mitigate problems of price volatility due to a combination of its purchasing leverage, agreements with suppliers and ability to pass on these cost increases to customers. There is a close alignment in label demand to changes in consumer demand for non-durable goods. Management believes that growth in excess of industry demand can be attained over the next few years through its focused strategy. The trend by global customers to higher end premium packaging requires significant investment in innovation, printing equipment and technology. In addition, as customers require label suppliers to become more integrated into their supply chain at a global level, it will become increasingly difficult for many smaller and financially weaker competitors to compete in this sector. CCL Label is well positioned to meet this need with its nineteen plants in North America, Mexico, Europe and, now, Thailand.

All "per Class B share" amounts in this document are expressed on an undiluted basis, unless otherwise indicated, and the amounts would not be materially different on a diluted basis.

Results of Consolidated Operations

	2002	2001	2000
Sales	$ 1,684.9	$ 1,600.5	$ 1,589.1
Earnings before unusual items, interest, income taxes, depreciation and amortization (EBITDA)	$ 184.1	$ 159.9	$ 183.3
Depreciation, and amortization of other assets	75.8	73.4	75.4
Interest expense (net)	30.9	32.4	36.5
Earnings before unusual items, income taxes and goodwill amortization	77.4	54.1	71.4
Unusual items (net loss)	39.1	7.7	18.8
Earnings before income taxes and goodwill amortization	38.3	46.4	52.6
Income taxes	16.5	8.0	13.1
Earnings before goodwill amortization	21.8	38.4	39.5
Goodwill amortization (net of tax)	–	13.5	12.8
Net earnings	$ 21.8	$ 24.9	$ 26.7
Per Class B share			
Earnings before unusual items and goodwill amortization	$ 1.70	$ 1.21	$ 1.43
Earnings before goodwill amortization	$ 0.65	$ 1.08	$ 1.04
Earnings before unusual items	$ 1.70	$ 0.83	$ 1.10
Net earnings	$ 0.65	$ 0.70	$ 0.70
Diluted earnings	$ 0.64	$ 0.70	$ 0.70
Cash flow before unusual items	$ 3.94	$ 3.39	$ 3.47

EBITDA and cash flow before unusual items per share do not have any standardized meaning prescribed by generally accepted accounting principles; therefore, they may not be comparable to similar measures presented by other issuers.

Balance Sheet Data

	2002	2001	2000
Total assets	$ 1,342.7	$ 1,455.0	$ 1,392.8
Shareholders' equity	$ 437.0	$ 563.7	$ 558.2
Number of shares outstanding (million)	33.4	34.1	36.7
Book value per share (dollars)	$ 13.10	$ 16.52	$ 15.22
Net debt	$ 366.3	$ 435.7	$ 486.1
Net debt to capitalization	45.6%	43.6%	46.5%

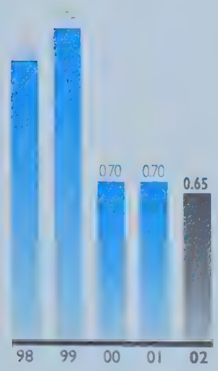
Comments on Consolidated Results

Reported sales increased over 5% to $1,684.9 million in 2002, compared to $1,600.5 million in 2001. Sales in 2001 were approximately the same as in 2000. Foreign sales and operating results are translated into Canadian dollars at prevailing exchange rates. If the effect of foreign exchange translation and the sales from acquisitions and divestitures were excluded, sales increased approximately 4.5% in 2002 compared to 2001. The foreign exchange translation effect on reported income was not material.

Sales
Millions of dollars

EBITDA
Millions of dollars

Earnings per Class B Share
Dollars



Cash flow per Class B share, before unusual items (defined as net earnings before unusual items, plus depreciation and amortization) of $3.94 in 2002 compared to $3.39 a year earlier. The strong cash flow was a result of the improved operating performance in all three divisions in 2002. The lower cash flow in 2001 was a result of the specific operational issues and decreased demand discussed below in the Container and Label sections.

Net interest expense has declined annually over the past three years. Cash – generated from operations, a focused working capital reduction program, dispositions, and a conservative capital expenditure program – was used to reduce debt and produced interest income on short-term investments. Further, there has been an increase in interest earned on interest rate swaps. The Company is amortizing over the remaining life of the related term debt, a gain realized in the fourth quarter of 2001 on the sale of an Interest Rate Swap Agreement purchased in 1999. In June and December 2002, the Company entered into two additional Interest Rate Swap Agreements with a Canadian financial institution, the effect of which was to convert US$120 million of notional fixed rate debt into floating rate debt, based on three-month LIBOR rates. The unrealized gain on these agreements, as at December 31, 2002, amounted to $7.4 million. The value of realized and unrealized gains or losses on swaps is to a large extent based on the current interest rate yield curve over the remaining term of the agreement. The effect of these three swaps was to reduce interest expense for 2002 and 2001 by $3.2 million and $1.3 million, respectively. In 2000, interest expense increased by $0.4 million as a result of the Interest Rate Swap Agreement. Interest coverage (defined as operating income before unusual items, goodwill amortization and interest expense divided by interest expense) was 3.5, 2.7 and 3.0 times in 2002, 2001 and 2000, respectively.

In April 2001, the Company sold its non-core U.K. Custom Manufacturing pharmaceutical business to Miza Pharmaceuticals for subordinated convertible notes and an equity interest in Miza. In September 2002, Miza U.K. was placed under a court appointed Administrator with the mandate to restructure and, if practical, sell this business unit as a going concern. In the third quarter, the Company recorded a provision for loss of $30.0 million as the Company's best estimate of its expected non-cash write-down pending additional information from the Administrator. In the fourth quarter, Miza Ireland Limited was placed into receivership. The present indication of recovery is not favourable, therefore, an additional provision has been recorded for the residual investment of $7.3 million in the fourth quarter. Subsequent to the year-end, the Plastic business unit signed a letter of intent to sell its "series 400" product line. A provision of $2.4 million has been recorded as an unusual item in the fourth quarter of 2002 for an estimated write-down on inventories and capital assets related to this disposal. Additional costs, estimated at $2 million after tax, will be incurred and reported in 2003 once the shut-down plans are finalized. The above non-cash provisions, along with the $0.2 million loss on the sale of K-G Packaging and the $2.2 million cost incurred in June 2002 on the abandonment of the sale of the Custom Manufacturing Division to CPG Income Fund, less $3.0 million in net foreign exchange gains on capital repatriated from foreign subsidiaries, were reported as unusual items.

These unusual items in 2002 amounted to $39.1 million or $1.05 per Class B share. In 2001 and 2000, unusual items related to restructuring costs and losses on disposal of non-core businesses net of gains on repatriation of capital and represented losses of $0.13 and $0.40 per Class B share, respectively.

The net foreign exchange gains, included in unusual items, arose from the difference between the exchange rate in effect on the date the capital was returned to Canada, compared to the historical rate in effect when the capital was invested in the foreign subsidiaries. These subsidiaries continue to generate free cash flow from their operations, and it is the Company's intention to continue to repatriate surplus cash, as available, through capital reductions and dividend distributions. The Company has not recognized the tax effect of this gain. Additionally, the CPG project costs have not given rise to any tax benefit. The provision for the Miza investment has resulted in a tax benefit of $3.5 million, the provision for "series 400" resulted in a tax benefit of $1.0 million and the K-G Packaging disposition generated an income tax expense of $1.2 million.

In 2002, the tax rate before unusual items of 25.5% compares to 23.0% and 25.4%, respectively in 2001 and 2000. These effective rates are lower than the combined Canadian federal and provincial tax rate of 33.3% in 2002, 34.0% in 2001 and 34.7% in 2000 due to the benefit of lower tax rates in foreign subsidiaries net of income and expense items not subject to tax. Over 80% of CCL's sales are derived outside of Canada, and the income from these foreign operations is subject to varying rates of taxation. The Company has

benefited from lower tax rates in these jurisdictions compared to the combined Canadian federal and provincial rates. The Company's effective tax rate varies from year to year as a result of the level of income in the various countries, the impact of tax losses not previously recognized, and the impact of income and expense items not subjected to tax.

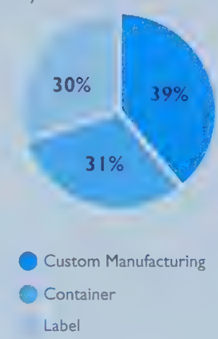
Generally accepted accounting principles for the recognition, measurement, presentation and disclosure of goodwill and other intangibles changed effective January 1, 2002. Under these new rules, goodwill is not amortized and this standard does not permit retroactive application. If the 2001 and 2000 years' results had been restated to exclude amortization of goodwill expensed under the old rules, the reported net earnings would have been $38.4 million and $39.5 million, respectively, and earnings per Class B share would have been $1.08 and $1.04, respectively. Reported earnings, earnings per share and ratios such as net debt to total capitalization are affected by these changes in accounting for goodwill since January 1, 2002.

In addition, under the new rules, the goodwill associated with each operating segment must be tested annually for impairment and any deficiency recognized as an impairment loss. As at December 31, 2001 and 2000, under the old rules for calculating impairment of goodwill, no adjustment was required. However, management completed the test for impairment under the new rules in the third quarter of 2002, and this assessment resulted in an impairment charge of $125.0 million ($123.4 million after tax) related to the Container Division. As required under the new rules, this initial non-cash provision has been recorded as an adjustment to retained earnings effective January 1, 2002.

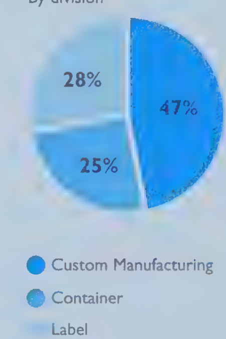
Quarterly Sales and Earnings by Division

2002	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Sales					
Custom Manufacturing	$ 235.2	$ 234.8	$ 229.2	$ 220.2	$ 919.4
Container	84.2	88.9	91.8	86.3	351.2
Label	108.4	102.9	103.4	99.6	414.3
Total sales	$ 427.8	$ 426.6	$ 424.4	$ 406.1	$ 1,684.9
Divisional operating income					
Custom Manufacturing	$ 13.6	$ 15.7	$ 13.2	$ 12.0	$ 54.5
Container	7.8	6.8	7.9	7.2	29.7
Label	8.8	7.6	7.9	8.3	32.6
Contribution from operations	$ 30.2	$ 30.1	$ 29.0	$ 27.5	$ 116.8
Unusual items – net loss/(gain)	$ (1.6)	$ 2.0	$ 30.4	$ 8.3	$ 39.1
Net earnings/(loss)	$ 14.8	$ 13.3	$ (15.7)	$ 9.4	$ 21.8
Per Class B share					
Before unusual items	$ 0.42	$ 0.45	$ 0.44	$ 0.39	$ 1.70
Net earnings/(loss)	$ 0.43	$ 0.39	$ (0.45)	$ 0.28	$ 0.65

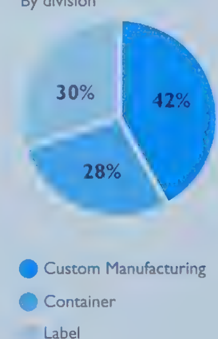
2002 EBITDA
By division



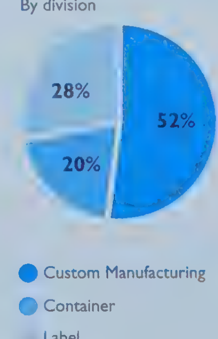
2002 Operating Income
By division



2001 EBITDA
By division



2001 Operating Income
By division



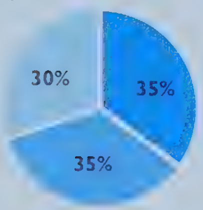
Years ended December 31, 2002 and 2001 (tabular amounts in millions of dollars except per share data)

2001	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Year
Sales					
Custom Manufacturing	$ 237.3	$ 221.8	$ 218.9	$ 208.3	$ 886.3
Container	81.7	87.3	81.9	77.3	328.2
Label	104.8	101.7	91.8	87.7	386.0
Total sales	$ 423.8	$ 410.8	$ 392.6	$ 373.3	$ 1,600.5
Divisional operating income					
Custom Manufacturing	$ 11.4	$ 12.7	$ 12.2	$ 11.3	$ 47.6
Container	7.5	7.4	0.9	2.2	18.0
Label	6.3	6.6	8.0	5.4	26.3
Contribution from operations	$ 25.2	$ 26.7	$ 21.1	$ 18.9	$ 91.9
Unusual items – net loss	$ –	$ 1.9	$ 2.7	$ 3.1	$ 7.7
Earnings before goodwill amortization	$ 11.1	$ 11.2	$ 9.5	$ 6.6	$ 38.4
Goodwill amortization (net of tax)	3.3	3.3	3.3	3.6	13.5
Net earnings	$ 7.8	$ 7.9	$ 6.2	$ 3.0	$ 24.9
Per Class B share					
Earnings before unusual items and goodwill amortization	$ 0.30	$ 0.34	$ 0.31	$ 0.26	$ 1.21
Earnings before unusual items	$ 0.21	$ 0.26	$ 0.20	$ 0.16	$ 0.83
Net earnings	$ 0.21	$ 0.22	$ 0.17	$ 0.10	$ 0.70

Results of Continuing Operations

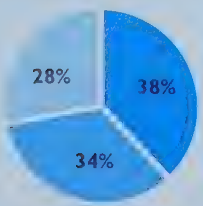
	2002	2001	2000
Divisional sales			
Custom Manufacturing	$ **908.9**	$ 819.0	$ 730.8
Container	**351.2**	328.2	333.1
Label	**414.3**	386.0	403.1
Sales of continuing operations	**1,674.4**	1,533.2	1,467.0
Sales of disposed operations	**10.5**	67.3	122.1
Sales as reported by the Company	$ **1,684.9**	$ 1,600.5	$ 1,589.1
Income from operations			
Custom Manufacturing	$ **54.8**	$ 50.2	$ 47.0
Container	**29.7**	18.0	39.6
Label	**32.6**	26.3	32.4
Contribution from continuing operations	**117.1**	94.5	119.0
Loss from disposed operations	**(0.3)**	(2.6)	(3.7)
Divisional operating income	**116.8**	91.9	115.3
Corporate expenses	**(8.5)**	(5.4)	(7.4)
Interest expense (net)	**(30.9)**	(32.4)	(36.5)
Earnings before unusual items, income taxes and goodwill amortization	$ **77.4**	$ 54.1	$ 71.4
Weighted average number of shares (in 000s)	**33,942**	35,974	38,267
Earnings per Class B share before unusual items and goodwill amortization	$ **1.70**	$ 1.21	$ 1.43

2000 EBITDA
By division



Custom Manufacturing
Container
Label

2000 Operating Income
By division



Custom Manufacturing
Container
Label

Comments on Income from Operations

The above summary includes the results of acquisitions and segregates the effect of divestitures on reported sales and operating income. The 2001 and 2000 income numbers have been adjusted to exclude goodwill amortization similar to the basis of reporting for 2002.

Divisional operating income, which amounted to $115.3 million in year 2000, declined in 2001 to $91.9 million due to the reasons discussed under Container and Label sections below. There was a significant recovery in 2002 and divisional operating income increased to $116.8 million, or approximately the year 2000 level. However, earnings before unusual items, income taxes and goodwill amortization increased significantly by $6.0 million in 2002 compared to 2000 due to the reduction in interest expense. Earnings per Class B share before unusual items and goodwill amortization increased to $1.70 in 2002 from $1.43 in 2000 due to the lower interest expense and the reduced number of shares outstanding.

Report on Results of Continuing Operations

Custom Manufacturing

Sales of continuing operations excluding divestitures increased 11% in 2002 and 12% in 2001. Contrary to the general economy, this division started securing significant new business and renewing contracts for existing volumes in early 2001. This improved demand, together with the increase in full-service contracts, accounts for the improvement in sales over this timeframe. Demand in North America continues to be stable; however, the economic slowdown that became noticeable in mid 2002 in the U.K. and Germany continues. Volumes in 2002 were approximately 5% higher than 2001 and early indications of demand for 2003 are similar to the trend in 2002.

The contribution from continuing operations, excluding divestitures, increased $4.6 million in 2002 and $3.2 million in 2001 as a result of the increased sales and continuing focus on cost reduction. However, return on sales has dropped over the three-year period from 6.4% in 2000 to 6.1% in 2001 and 6.0% in 2002. This decline is due to the increased procurement of materials as part of full-service manufacturing contracts in addition to continual margin pressure. Under the procurement activity, the Division invoices the price of materials purchased plus a fee, but this revenue does not yield the same return per sales dollar as the regular services provided by the Division, because of lower margins in the purchasing of materials.

The Division invested $22.3 million in capital in 2002 and $16.8 million in 2001 compared to $23.5 million in 2000, to reduce costs while maintaining and expanding its manufacturing base. Depreciation and amortization of other assets amounted to $20.2 million in 2002 compared to $21.6 million and $24.0 million in 2001 and 2000, respectively. In line with the Division's strategy, investment in new equipment is being directed to growing product lines such as barrier filling for gel aerosol products and the more complex personal care creams and lotions.

Container

Sales as reported by the Division increased 7% in 2002 and decreased 1% in 2001. Container's sales of aluminum aerosol cans to Custom Manufacturing were $20.2 million in 2002, $21.0 million in 2001 and $17.2 million in 2000. These inter-divisional sales are eliminated from the consolidated sales reported by the Company.

Income from this Division declined significantly in 2001 to $18.0 million compared to $39.6 million in 2000. In 2002, income contribution increased to $29.7 million, reflecting management's efforts in restructuring the two troubled business units which had accounted for the decline in 2001, as discussed below. Return on sales, in line with income, dropped to 5.5% in 2001 compared to 11.9% in 2000. Return on sales in 2002 improved to 8.5%.

The Plastic Packaging and the Aluminum Tube business units within the Container Division experienced significant operational issues starting in late 2000 and early 2001. These issues, coupled with a falling consumer demand for higher margin products, resulted in these units reporting sharply lower contributions than prior years. In each case, new management was installed with a mandate to restructure, downsize and focus the business base on their target markets in order to return them to profitability. The loss in 2001 from the Plastic Packaging and Aluminum Tube business units compared to a contribution in

2000, resulted in approximately $25 million year-over-year reduced contribution and accounts for the significant reduction of $21.6 million in divisional operating income in that year. In 2002, both business units were profitable compared to the losses in 2001, and their improvement represents a significant part of the improved operating income from the Division in 2002.

If the sales and operating results for 2002 of the Plastic Packaging and Aluminum Tube business units were excluded, sales for the other business units increased over 7% and income increased just over 3% compared to 2001. The largest business unit in this group manufactures traditional aluminum aerosol containers in addition to a number of newer innovative product lines such as shaped aerosol and barrier containers and aluminum bottles, many of the latter being used for niche beverage marketing. Sales of the traditional aerosol containers declined 3% while sales of the other product lines represented approximately a 10% growth in total sales. The Mexican and Costa Rican operations all reported increased sales and income in 2002 for smaller laminate tubes.

Management, particularly in Plastic Packaging, is continuously making a number of changes to focus the unit and improve operating efficiencies in order to continue to increase profitability. Commencing in September 2002, all plastic tube closure production in the Los Angeles, CA plant was consolidated into the Libertyville, IL facility. In early February 2003, the Company signed a letter of intent to sell its non-core "series 400" closure business. As a result, the downsized Los Angeles plant and the new Wilkes-Barre, PA facility will be focused strictly on plastic tube manufacturing.

In 2002, Container spent $14.8 million to maintain and expand its manufacturing base. This expenditure compares to $21.0 million and $26.4 million in 2001 and 2000, respectively. Depreciation and amortization of other assets in 2002 amounted to $30.2 million compared to $28.6 million in 2001 and $27.2 million in 2000.

Label

Sales from continuing operations, which includes the five European plants acquired in early 2002, increased 7% in 2002 compared to a decrease of 4% in 2001. The European acquisitions accounted for $45.9 million in sales and a break-even operating profit in 2002. If these are excluded, sales in the North American operations decreased 5% in 2002. The decrease in sales over this timeframe in North America relates to both management's focus on higher margin business and a significant drop in consumer demand for personal care products, which started in 2000 and continued through 2001 into early 2002. Sales in the fourth quarter of 2001 and early 2002 were also adversely affected by the events of September 11th in the United States which disrupted order patterns and logistics within the industry. Return on sales from continuing operations was 8% in 2002 and 7% in 2001 compared to 8% in 2000. Management believes that return per sales dollar will continue to improve and exceed 2002 levels due to improvements in contributions from the European operations and the shift in focus to higher margin products.

Net Debt to Total Capitalization
Percentage

* old accounting rules for goodwill impairment
** new accounting rules for goodwill impairment

In early 2001, under the direction of a new management team, the Division started to implement a significant restructuring plan to reorganize into a network of decentralized and focused label businesses with each group specializing in the technology requirements and other needs of specific customers. This plan, which was completed in 2001, resulted in a significant reduction in the selling as well as administrative and fixed cost structure in the Division. In 2003, management will focus on fine-tuning the restructured North American operations, integrating the European acquisition, establishing operations in Thailand and continuing to upgrade its manufacturing base. The lower contribution in 2001 compared to 2000 was a result of the operating issues being experienced by the Division and the significant drop in demand. Operating profit increased by $6.3 million in 2002 compared to 2001, as a result of a pick-up in demand and the cost reductions from the above restructuring plan.

In 2002, Label spent $33.7 million to maintain and expand its manufacturing base, and $18.2 million to acquire the European plants. This expenditure compares to $16.8 million and $10.3 million in 2001 and 2000, respectively. Depreciation and amortization of other assets in 2002 amounted to $24.4 million compared to $22.5 million in 2001 and $23.6 million in 2000. In 2002, the Division purchased twelve new label printing presses and carried out other major technology upgrades to existing presses and support equipment, including conversion of the traditional "plate making" to a more efficient digital system. Over

the next few years, the plan is to replace and/or upgrade the remainder of the equipment as part of a strategy to continually keep pace with technological improvements. This strategy will broaden the Division's capability and, at the same time, improve operating efficiencies and reduce spoiled product.

CCL Label has entered into an agreement to sell its Leeds, U.K. land and building to a property developer. The sale price, which depends on the City's approval of the developer's plans for the property, is expected to be in the range of Cdn$10 million. This transaction will necessitate relocating the Leeds facility in 2004. In addition, in 2003 the Division plans to relocate from its leased Monrovia, CA plant to a nearby purchased facility. It is expected that this relocation will cost the Division approximately $2 million.

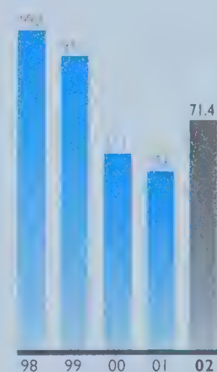
Cash Flow per Class B Share (before unusual items)
Dollars

Outlook

The year 2002 was a good year for the Company. Consumer demand remained strong throughout the year in North America and for the first half of 2002 in Europe. Sales increased 5.3% to approximately $1.7 billion and earnings per share before unusual items and goodwill amortization increased 40% from $1.21 to $1.70. A significant portion of the improvement in earnings in 2002 was due to the cost-cutting and restructuring efforts commenced in 2001.

The economic outlook for 2003 is less certain. While the Company's order bank in North America for the first quarter of 2003 remains generally strong, demand in Europe for CCL Custom Manufacturing, which dropped during the last half of 2002, continues to be below normal. CCL Label, on the other hand, is experiencing a solid order trend in Europe. The outlook within both North America and Europe is one of caution due to potential world events and an unclear pattern of consumer confidence and recovery within both of these economies. In spite of this concern, management anticipates 2003 will be a year that is more reflective of normal operations, as most of the restructuring efforts were completed by the end of 2002. Management also believes that over the medium-term, taking into account continuing benefits from its restructuring and cost-cutting programs, and assuming continued economic stability, a targeted annual growth rate in earnings per share in the range of 10% is still realistic.

Capital Spending
Millions of dollars



Liquidity and Capital Structure

The Company's financial position remains strong. As at December 31, 2002, cash and cash equivalents amounted to $156.1 million. This compares to $112.9 million as at December 31, 2001 and $31.9 million as at December 31, 2000.

Summary of Net Debt

	December 31 2002	December 31 2001	December 31 2000
Current debt	$ 16.7	$ 29.7	$ 13.8
Long-term debt	505.7	518.9	504.2
Total debt	522.4	548.6	518.0
Cash on hand	(156.1)	(112.9)	(31.9)
Net debt	$ 366.3	$ 435.7	$ 486.1

The foundation of the Company's long-term debt is held by private institutions and totals US$323.6 million (Cdn$510.5 million) at December 31, 2002, with an average interest rate of 6.0%, factoring in the related Interest Rate Swap Agreements, and a six-year average term to maturity. This compares with US$333.0 million (Cdn$530.4 million) as at December 31, 2001. The next repayment of US$9.4 million (Cdn$14.8 million) is due in September 2003. The increase in value of the Canadian dollar during 2002, compared to the U.S. dollar, resulted in a decrease of reported debt of $5.1 million for 2002, and the devaluation of the Canadian dollar in 2001 compared to 2000 resulted in an increase of $31.1 million for 2001 in the carrying value of U.S. dollar-denominated debt at each year-end. During 2001, the Company repaid the balance of its revolving bank operating line out of proceeds from dispositions and free cash flow generated from operations. As discussed earlier, the Company currently has two Interest Rate Swap Agreements from a Canadian financial institution,

Years ended December 31, 2002 and 2001 (tabular amounts in millions of dollars except per share data)

the effect of which is to convert US$120 million of notional fixed rate debt into floating rate debt. The unrealized gain on these agreements, as at December 31, 2002, amounted to $7.4 million.

The Company's liquidity is expected to be satisfactory for the foreseeable future due to its significant cash balances combined with the expected continuation of its strong level of cash flow and low level of debt repayment obligations.

The Company has no material "off balance sheet" financing obligations except for typical long-term operating lease agreements. The nature of these commitments is described in note 13 of the Consolidated Financial Statements. Additionally, the majority of the Company's post-employment obligations are defined contribution pension plans. There are no defined benefit plans funded with CCL stock.

As at December 31, 2002, shareholders' equity stood at $437.0 million compared to $563.7 million reported a year earlier. There were 33.4 million Class A voting and Class B non-voting shares outstanding as at December 31, 2002 compared with 34.1 million a year earlier. Book value per share as at December 31, 2002 was $13.10 compared to the $16.52 reported as at December 31, 2001. Debt to total capitalization was 45.6% as at year-end compared to the 43.6% reported for December 31, 2001. The $123.4 million goodwill impairment charge taken during 2002, under the new measurement rules, significantly affects the previously reported capital base. If the impairment of goodwill had been calculated under the new rules, book value per share would have been $12.90 and net debt to total capitalization would have been 49.7% as at December 31, 2001.

Summary of Changes in Shareholders' Equity

For the year ended December 31	2002	2001
Net earnings	$ 21.8	$ 24.9
Dividends	(11.4)	(11.4)
Repurchase of shares net of issuance and settlement of exercised stock options	(18.1)	(29.3)
Goodwill impairment charge	(123.4)	–
Increase in unrealized foreign exchange gain on translation of net foreign assets	4.4	21.3
Increase (decrease) in shareholders' equity	$ (126.7)	$ 5.5

Summary of Cash Flows

	2002	2001	2000
Cash inflows			
Cash provided by operating activities (before change in non-cash working capital)	$ 139.2	$ 121.9	$ 141.3
Proceeds and debt reduction on disposals	17.7	43.0	6.3
Net decrease in non-cash working capital	32.9	16.7	(8.3)
Other	–	–	2.5
Cash outflows			
Additions to capital assets	(71.4)	(55.6)	(61.1)
Business acquisitions including debt assumed	(18.8)	–	–
Dividends to shareholders	(11.4)	(11.4)	(12.1)
Repurchase of shares, net of issuance and settlement of exercised stock options	(18.1)	(29.3)	(24.4)
Other	(5.0)	(5.1)	–
Net cash inflow	65.1	80.2	44.2
Translation of foreign-denominated debt, mainly U.S. dollars	4.3	(29.8)	(17.7)
Decrease in net debt	$ 69.4	$ 50.4	$ 26.5

Non-cash working capital traditionally increases during the first few months of each year to accommodate increased customer activity following the slower year-end period, before again reducing to its lowest point at year-end. Investment in non-cash working capital as at December 31, 2002 amounted to $97.8 million compared to $140.4 million and $176.6 million as at December 31, 2001 and 2000, respectively. In 2001, the Company undertook a plan to reduce its investment in non-cash working capital. The reduction in non-cash working capital was $49.6 million over the last two years. Days working capital employed were 22 at December 31, 2002 as compared to 35 in 2001.

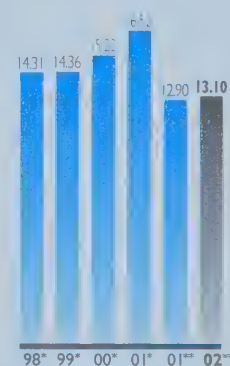
Over the three-year period ending December 31, 2002, the Company sold a number of smaller non-core business units and real estate, and acquired five European Label plants. Net proceeds realized by CCL from these divestiture and acquisition activities over this period amounted to $46.2 million.

Capital spending, which totalled $71.4 million in 2002 versus $55.6 million and $61.1 million in 2001 and 2000, respectively, was incurred in all divisions with a view to increasing capacity based on customers' requirements, implementing cost reduction programs, and maintaining the existing business base. In 2003, it is anticipated that capital spending will be modestly higher than the 2002 level. Depreciation and amortization of other assets amounted to $75.8 million compared to $73.4 million in 2001 and $75.4 million in 2000.

The quarterly dividend rate was increased by 12.5% in the third quarter of 2002, reflecting the strong cash flow being generated by the business. The current annualized dividend rate is $0.31 per Class A share and $0.36 per Class B share. The Company has historically paid out dividends at a rate of 20%–25% of normalized earnings.

The Company has a Normal Course Issuer Bid (NCIB) in place which is governed by the rules of the Toronto Stock Exchange. CCL's prior NCIB expired in early August 2002 and its current NCIB commenced on August 7, 2002 and terminates on August 6, 2003. It permits for the repurchase of up to 20,000 Class A shares and 2.1 million Class B shares. During 2002, the Company repurchased 1.0 million Class B shares at an average price of $19.50 per share. As at December 31, 2002, the Company may repurchase up to an additional 20,000 Class A and 1,575,600 Class B shares under the current NCIB. Proceeds from employees' and directors' stock options exercised during 2002 amounted to $3.8 million and $0.1 million in 2001.

Book Value per Share
Dollars



* old accounting rules for goodwill impairment

** new accounting rules for goodwill impairment

Risks

The Company is subject to the usual commercial risks associated with being a supplier of goods and services to the non-durable consumer packaging industry. A number of these risks, which could have an adverse effect on the Company achieving its business plan, have been discussed earlier. They are:

(1) dependence on overall consumer confidence, disposable income and purchasing trends;

(2) price expectations by customers;

(3) consolidation within the retail and, particularly, the consumer products marketer base;

(4) reliance on key employees and the retention of an experienced, skilled workforce;

(5) dependence on consumer products companies continuing to outsource a portion of their manufacturing requirements;

(6) changes within the competitive environment, including offshore producers, and the Company's ability to be cost competitive;

(7) the Company's ability to control the costs of raw materials and/or pass these costs onto its customers;

(8) achieving planned volumes through normal growth and successful renegotiation of current contracts with customers;

(9) achieving planned benefits from cost reduction programs and the recent restructuring efforts; and

(10) continued success in developing innovative packaging solutions.

Other risks and/or conditions, which could also adversely affect CCL in achieving its strategic objectives, are discussed below.

Property and casualty insurance, both availability and cost thereof, have recently become an issue and this cost for 2003 and future years may increase significantly. The Company expects to recover a portion of these potential increases in its pricing to customers.

The business is subject to numerous statutes, regulations, by-laws, permits and policies related to the protection of the environment and workers' health and safety. CCL maintains active health and safety and environmental programs for the purpose of preventing employee injuries and pollution incidents at its manufacturing sites. The continual increases in costs for healthcare, workers' compensation and general insurance may result in the Company, in some cases, self-insuring higher levels of coverage and, in all areas, focusing significant resources on the prevention of and management of claims.

The Company also carries out a program of environmental compliance audits and approvals of waste vendors. This program was recently expanded to include independent third-party pollution liability assessment. This new audit program is designed to assess, over a five-year cycle, all manufacturing sites. The plants in the United States, Canada and Europe only use approved waste vendors and these vendors are covered under CCL's extensive environmental insurance program. The Company's in-house specialists manage all remediation projects and use the above environmental audit program to assess the adequacy of ongoing compliance at the operating level and to establish provisions, as required, for site restoration plans. As of December 31, 2002, the Company believes it has made adequate provision in its financial statements for potential site restoration costs and other remedial obligations. These environmental reserves did not increase significantly in 2002.

The Company has significant operating bases in both the United States and Europe. In 2002, 64% and 17% of total sales came from the United States and Europe, respectively (2001 – 66% and 15%). Non-Canadian operating results are translated into Canadian dollars at the average exchange rate for the year. The Canadian average rate for U.S. dollars was $1.57 in 2002, $1.55 in 2001 and $1.49 in 2000, and for U.K. sterling, was $2.36 in 2002, $2.23 in 2001 and $2.25 in 2000. The U.S. dollar net earnings translation impact in 2002 was not significant. The exchange rate sensitivity for Europe, given its relatively small level of earnings, is not material. The contribution from foreign business units in countries other than the United States and Europe in 2002 was 3.6% of CCL's total sales (3.9% in 2001) and 5.8% of CCL's total operating income (9.3% in 2001). The carrying value of investments in these countries as at December 31, 2002 was $60.2 million ($64.3 million for 2001). Devaluation of currencies in Mexico, Costa Rica and Thailand would not have a material negative effect on the consolidated financial results of the Company; however, operations in these countries are perceived to have greater political and economic risks.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements and all information in this Annual Report are the responsibility of management. These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based upon estimates and judgments. When alternative accounting methods exist, management has chosen those it deems to be the most appropriate to ensure fair and consistent presentation. The financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

CCL maintains financial and operating systems which include appropriate and effective internal controls. Such systems are designed to provide reasonable assurance that the financial information is reliable and relevant, and that CCL's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board of Directors and reviews the financial statements and Management's Discussion and Analysis; assesses the adequacy of the internal controls of the Company; considers the report of the external auditors; examines the fees and expenses for audit services; and recommends to the Board of Directors the independent auditors for appointment by the shareholders. The Audit Committee reports its findings to the Board of Directors for consideration when approving the annual financial statements for issuance to the shareholders.

These consolidated financial statements have been audited by KPMG LLP ("KPMG"), the external auditors, in accordance with Canadian generally accepted auditing standards, on behalf of the shareholders. KPMG have full and free access to, and meet periodically with, the Audit Committee.

D.G. Lang
President and Chief Executive Officer
February 13, 2003

S.W. Lancaster
Senior Vice President and Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of CCL Industries Inc.

We have audited the consolidated balance sheets of CCL Industries Inc. as at December 31, 2002 and 2001, and the consolidated statements of earnings, retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

KPMG LLP
Chartered Accountants
Toronto, Canada
February 13, 2003

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31, 2002 and 2001

(in thousands of dollars except per share data)	**2002**	2001
Sales	**$1,684,939**	$1,600,497
Income from operations before undernoted items	**$ 184,056**	$ 159,879
Depreciation, and amortization of other assets	**75,785**	73,439
Interest (note 9)	**30,859**	32,415
Income from operations before unusual items, income taxes and goodwill amortization	**77,412**	54,025
Unusual items (net) (note 5)	**39,082**	7,684
Earnings before income taxes and goodwill amortization	**38,330**	46,341
Income taxes (note 11)	**16,511**	7,993
Earnings before goodwill amortization	**21,819**	38,348
Goodwill amortization (net of tax of $2,297 in 2001) (note 2)	**–**	13,457
Net earnings	**$ 21,819**	$ 24,891
Earnings and diluted earnings per Class B share (note 12)		
Earnings before goodwill amortization	**$ 0.65**	$ 1.08
Net earnings	**$ 0.65**	$ 0.70
Diluted earnings	**$ 0.64**	$ 0.70

CONSOLIDATED BALANCE SHEETS

As at December 31, 2002 and 2001

(in thousands of dollars)	**2002**	2001
Assets		
Current assets		
Cash and cash equivalents	**$ 156,095**	$ 112,891
Accounts receivable – trade	**209,018**	185,865
Other receivables and prepaid expenses	**27,262**	26,630
Inventories (note 6)	**136,941**	162,719
	529,316	488,105
Capital assets (note 7)	**507,959**	504,670
Other assets (note 8)	**30,409**	61,226
Goodwill (note 2)	**275,065**	400,990
	$ 1,342,749	$ 1,454,991
Liabilities		
Current liabilities		
Bank advances (note 9)	**$ 462**	$ 13,110
Accounts payable and accrued liabilities	**275,188**	232,718
Income and other taxes payable	**221**	2,058
Current portion of long-term debt (note 9)	**16,272**	16,633
	292,143	264,519
Long-term debt (note 9)	**505,640**	518,903
Other long-term items (note 10)	**32,674**	35,245
Future income taxes (note 11)	**75,296**	72,620
	905,753	891,287
Shareholders' equity		
Share capital (note 12)	**192,203**	194,554
Retained earnings	**199,437**	328,221
Foreign currency translation adjustment	**45,356**	40,929
	436,996	563,704
	$ 1,342,749	$ 1,454,991

Commitments and contingencies (note 13)

Approved by the Board

D.G. Lang, *Director*

J.K. Grant, *Director*

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Years ended December 31, 2002 and 2001

(in thousands of dollars)	**2002**	2001
Balance at beginning of year, as previously reported	**$ 328,221**	$ 329,728
Goodwill impairment (note 2)	**(123,440)**	–
Balance at beginning of year, restated	**204,781**	329,728
Net earnings	**21,819**	24,891
Repurchase of shares (note 12)	**(14,379)**	(15,048)
Settlement of stock options (note 12)	**(1,343)**	–
	210,878	339,571
Dividends		
Class A shares	**711**	665
Class B shares	**10,730**	10,685
	11,441	11,350
Balance at end of year	**$ 199,437**	$ 328,221

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2002 and 2001

(in thousands of dollars)	2002	2001
Cash provided by (used for)		
Operating activities		
Net earnings	$ 21,819	$ 24,891
Items not requiring cash:		
Depreciation and amortization	75,785	89,193
Future income taxes	4,675	7,047
Unusual items	36,878	780
	139,157	121,911
Net change in non-cash working capital	32,894	16,667
Cash provided by operating activities	172,051	138,578
Financing activities		
Proceeds of long-term debt	6,195	1,135
Retirement of long-term debt	(16,053)	(2,461)
Increase (decrease) in bank advances	(12,659)	3,070
Issue of shares	3,753	234
Repurchase of shares	(20,483)	(29,513)
Settlement of exercised stock options	(1,343)	–
Dividends	(11,441)	(11,350)
Cash used for financing activities	(52,031)	(38,885)
Investing activities		
Additions to capital assets	(71,443)	(55,595)
Proceeds on disposals	17,726	40,459
Business acquisitions	(18,249)	–
Other	(4,858)	(5,174)
Cash used for investing activities	(76,824)	(20,310)
Effect of exchange rate on cash	8	1,571
Increase in cash	43,204	80,954
Cash and cash equivalents at beginning of year	112,891	31,937
Cash and cash equivalents at end of year	$ 156,095	$ 112,891

1. Summary of Significant Accounting Policies

(a) Basis of accounting

The consolidated financial statements include the accounts of all subsidiary companies since dates of acquisition.

(b) Foreign currency translation

The Company records foreign currency-denominated transactions at the Canadian dollar equivalent at the date of the transaction and translates foreign currency-denominated monetary assets and liabilities at year-end exchange rates. Exchange gains and losses are included in earnings.

The Company's foreign subsidiaries are defined as self-sustaining. Revenue and expense items, including depreciation and amortization, are translated at the average rate for the year. All assets and liabilities are translated at year-end exchange rates and any resulting exchange gains or losses are included in shareholders' equity and described as foreign currency translation adjustment. Gains and losses on the reduction of net investments in foreign subsidiaries are included in net earnings for the year.

Movement in the foreign currency translation adjustment during the year results from changes in the value of the Canadian dollar primarily in comparison to the U.S. dollar, the U.K. pound, the euro, and the Mexican peso, and from changes in foreign denominated net assets.

(c) Inventories

Raw materials and supplies are valued at the lower of cost and replacement cost. Work in process and finished goods are valued at the lower of cost and net realizable value. Cost is determined on a first-in first-out basis.

(d) Capital assets

Capital assets are recorded at cost, which includes interest and certain start-up costs during the construction of major projects. Depreciation is provided over the assets' estimated useful lives, primarily on the straight-line basis, using rates varying from 2% to 10% on buildings, and from 7% to 33% on machinery and equipment.

(e) Goodwill

Effective January 1, 2002, the Company adopted the CICA's Handbook Section 3062, "Goodwill and other intangible assets." Under this section, goodwill, representing the excess of purchase price over the fair value of the net assets acquired in business acquisitions, is no longer amortized after December 31, 2001. Instead, the goodwill associated with each operating segment will be tested annually for impairment and any deficiency recognized as an impairment loss. Refer to note 2 for adoption of the new accounting standard regarding goodwill.

(f) Revenue recognition

Revenue is recorded and related costs transferred to cost of sales at the time the product is shipped and ownership transfers to the customers.

(g) Employee future benefits

The Company accrues its obligations under employee benefit plans and the related costs net of plan assets. Pension costs are determined periodically by independent actuaries. Benefits other than pensions include life insurance programs and supplemental pension allowances. Benefits expense is charged to operations and includes:

(i) the cost of benefits provided in exchange for employees' services rendered during the year,

(ii) the amortization of past service costs and amendments over the expected average remaining service life of the employee group covered by the plans,

(iii) the interest cost of benefit obligations,

(iv) the expected return on fund assets,

(v) the amortization of cumulative unrecognized net actuarial gains and losses in excess of 10% of the greater of the projected benefit obligation or market-related value of plan assets over the expected average remaining service life of the employee group covered by the plans, and

(vi) the gain or loss on a settlement or curtailment.

(h) Stock-based compensation plan

Effective January 1, 2002, the Company adopted the CICA's Handbook Section 3860 "Stock-based compensation and other stock-based payments." The Company accounts for stock-based compensation using the intrinsic value method. The description of the plan and the effect of using this method are described in note 12.

(i) Income taxes

Under the liability method of tax allocation, future income tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities, and are measured using the substantively enacted tax rates and laws that are expected to be in effect in the periods in which the future income tax assets or liabilities are expected to be settled or realized. A valuation allowance is provided to the extent that it is more likely than not that future income tax assets will not be realized.

(j) Use of estimates

The presentation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. In particular, the amounts recorded for environmental matters, outstanding self-insured claims, depreciation and amortization of capital assets, and the valuation of goodwill are based on estimates. Actual results could differ from these estimates.

2. Cumulative Effect of Change in Accounting Policies

Effective January 1, 2002, the Company adopted the CICA's Handbook Section 3062, "Goodwill and other intangible assets" retroactively without restatement of prior periods.

As at December 31, 2001, under the old rules for calculating impairment of goodwill, no adjustment was required. Under the new standard, management determined that goodwill in the Container Division was impaired because the carrying value exceeded the implied fair value. As a result, an impairment loss of $125.0 million ($123.4 million after tax) has been reflected as a charge to 2002 opening retained earnings with a corresponding reduction in goodwill and future taxes. Any impairment arising subsequent to the transitional impairment test, as at January 1, 2002, will be recognized in income.

During 2001, the Company recorded $15.8 million of goodwill amortization ($13.5 million after tax).

3. Acquisition

In January 2002, the Company purchased the pressure-sensitive label printing businesses of U.K.-based Jarvis Porter Group PLC for $18.8 million. Manufacturing facilities are located in Leeds and Lewes in the United Kingdom, Utrecht in the Netherlands and Paris in France.

Working capital, non-cash	$ 4.2
Non-current assets at assigned values	14.6
Net assets purchased	$ 18.8
Cash	$ 18.2
Long-term debt assumed	0.6
Total consideration	$ 18.8

Years ended December 31, 2002 and 2001 (tabular amounts in thousands except per share data)

4. Disposals

In December 2001 and early 2002, CCL sold, in three separate transactions, its K-G Packaging business located in Concord, Ontario which formulates and fills industrial aerosol liquid products. Proceeds received in 2001 and early 2002 in connection with these transactions were $7.8 million and $17.7 million, respectively. The pre-tax loss of $0.2 million was recorded in unusual items. Included in income tax expense was $1.2 million as a result of the inability to recognize the full tax benefit of the loss in Canada.

In March 2001, the Company sold its one-third interest in a joint venture in Shanghai, China. The loss on disposal of this investment of $6.3 million was provided for as part of the unusual items recorded in the 2000 financial statements.

In April 2001, the Company sold its U.K.-based pharmaceutical business to Miza Pharmaceutical Inc. ("Miza"). Total proceeds of $27.8 million were in the form of common shares of Miza of $11.0 million, representing a minority equity interest, and redeemable subordinated convertible notes of $16.8 million (see note 5). The book value of the disposed Pharmaceutical assets included goodwill of $3.3 million. There was no gain or loss on the disposition.

5. Unusual Items

	2002	2001
K-G Packaging loss on disposal (note 4)	$ 202	$ –
CPG Income Fund expenses	2,204	–
Repatriation of capital	(3,028)	(1,925)
Miza provision	37,279	–
"Series 400" closure provision	2,425	–
Restructuring costs	–	9,609
	$ 39,082	$ 7,684

On June 6, 2002, the Company announced that it would not proceed with the sale of its Custom Manufacturing Division to CPG Income Fund. The expenses incurred with the anticipated sale of this project amounted to $2.2 million. These expenses have not given rise to any tax benefit.

In 2002, the Company repatriated capital from certain foreign subsidiaries, which resulted in a net foreign exchange gain of $3.0 million (2001 – $1.9 million). Gains or losses on repatriation of capital from subsidiaries arise from the difference between the exchange rate in effect on the date the capital was returned to Canada, compared to the historical rate in effect when the capital was invested. The Company has not recognized the tax effect of this gain.

In April 2001, CCL sold its non-core U.K. Custom Manufacturing pharmaceutical business to Miza Pharmaceuticals (UK) Limited ("Miza") for subordinated convertible notes and an equity interest. On September 4, 2002, Miza Pharmaceuticals (UK) Limited, Miza's largest business unit, was placed under a court appointed Administrator with the mandate to restructure and, if practical, sell this business unit as a going concern. In the fourth quarter, Miza Ireland Limited was placed into receivership. The present indication of recovery is not favourable and, as such, a provision has been recorded for the Company's cumulative exposure to Miza of $37.3 million ($33.8 million after tax).

In early February 2003, the Company signed a letter of intent to sell its non-core "series 400" closure business. A provision of $2.4 million ($1.5 million after tax) for inventory and the capital asset write-down was taken in 2002.

In 2001, a strategic decision was made to evaluate a number of under-performing or non-core businesses. Costs arising from the implementation of the detailed plans to reorganize these businesses included restructuring costs of $9.6 million. The major component was severance costs paid to reorganize the Container and Label Divisions.

6. Inventories

	2002	2001
Raw materials and supplies	$ 83,417	$ 93,474
Work in process and finished goods	53,524	69,245
	$ 136,941	$ 162,719

7. Capital Assets

	Cost	2002 Accumulated Depreciation	Net Book Value
Land	$ 18,442	$ –	$ 18,442
Buildings	137,081	49,216	87,865
Machinery and equipment	936,565	534,913	401,652
Total	$1,092,088	$ 584,129	$ 507,959

	Cost	2001 Accumulated Depreciation	Net Book Value
Land	$ 16,374	$ –	$ 16,374
Buildings	123,419	45,249	78,170
Machinery and equipment	900,829	490,703	410,126
Total	$1,040,622	$ 535,952	$ 504,670

8. Other Assets

	2002	2001
Investment and notes receivable	$ –	$ 28,315
Self-insurance assets	23,262	21,764
Other	7,147	11,147
	$ 30,409	$ 61,226

Investment and notes receivable in Miza were written down, as described in note 5.

9. Total Debt

	2002	2001
Bank advances	$ 462	$ 13,110
Current portion of long-term debt	16,272	16,633
Long-term debt due after one year	505,640	518,903
Total debt outstanding	$ 522,374	$ 548,646

(a) The total borrowings at December 31, 2002 are denominated in the following currencies:

	Local Currency	Canadian Equivalent
Canadian dollars	$ 259	$ 259
U.S. dollars	$ 328,030	517,479
Euros	€ 2,799	4,636
		$ 522,374

Years ended December 31, 2002 and 2001 (tabular amounts in thousands except per share data)

The Company's foreign-denominated debt acts as a partial hedge against its net investment in foreign operations.

(b) The short-term operating lines of credit provided to the Company, and amounts used included in bank advances, at December 31 are:

	2002	2001
Credit lines available	$ 26,970	$ 28,750
Credit lines used	$ 462	$ 13,110

Operating facilities amounting to $2.5 million are secured by land and buildings, with the balance being unsecured. All are at interest rates varying with LIBOR (London Interbank Offered Rate) or the prime rate.

(c) Total long-term debt is comprised of:

	2002	2001
Unsecured senior notes issued March 1996, 6.66%, repayable on March 15, 2006 (US$120.0 million)	$ 189,304	$ 191,144
Unsecured senior notes issued September 1997, 6.97%, repayable in equal installments starting September 2002 and finishing September 2012 (2002 – US$93.6 million; 2001 – US$103.0 million)	147,714	164,065
Unsecured senior notes issued July 1998, 6.9% weighted-average, repayable in three tranches with repayments after 12, 15 and 20 years (US$110.0 million)	173,529	175,215
Other loans	11,365	5,112
	$ 521,912	$ 535,536

Other loans include term bank loans, Industrial Revenue Bonds, capital leases and a mortgage at various rates and repayment terms.

(d) Interest Rate Swap Agreements

During 2002, the Company entered into Interest Rate Swap Agreements in order to redistribute the Company's exposure to fixed and floating interest rates with a view to reducing interest costs over the long term.

Notional Principal		Interest Rate			
Amount	Currency	Paid	Received	Maturity	Effective Date
$60 million	U.S.	90-day LIBOR + 2.18%	6.66%	March 15, 2006	June 14, 2002
$60 million	U.S.	90-day LIBOR + 3.49%	6.66%	March 15, 2006	December 13, 2002

(e) The overall weighted average interest rate on total long-term debt factoring in the Interest Rate Swap Agreements at December 31, 2002 was 6.0% (2001 – 6.9%).

(f) Interest expense incurred is as follows:

	2002	2001
Current	$ 1,509	$ 1,710
Long-term	31,889	34,470
	33,398	36,180
Interest income	(2,539)	(3,765)
	$ 30,859	$ 32,415

Gross interest paid during the year was $36.8 million (2001 – $35.8 million).

(g) Long-term debt repayments are as follows:

2003	$ 16,272
2004	17,591
2005	20,121
2006	204,359
2007	15,043
2008 and beyond	248,526
	$ 521,912

10. Other Long-Term Items

	2002	2001
Environmental reserves, less current portion of $1,152 (2001 – $2,157)	$ 11,345	$ 11,014
Outstanding self-insured claims and reserves	10,370	10,100
Deferred gains	10,959	14,131
	$ 32,674	$ 35,245

Environmental reserves represent management's best estimate for site restoration costs. Outstanding self-insured claims and reserves are actuarially determined. The actual timing of payments against these liabilities is unknown.

During 2001, the Company entered into a sale and leaseback of the land and building of the Los Angeles, California plant and sold its interest in an Interest Rate Swap Agreement. The proceeds were $25.1 million on the sale and leaseback and $7.6 million on the interest rate swap.

The deferred gain on the sale and leaseback of $9.9 million will be amortized over the term of the lease of ten years. The deferred gain on the Interest Rate Swap Agreement of $7.6 million will be amortized until March 2006 – the remaining term of the original swap agreement.

The short-term portion of these deferred gains is included in accounts payable and accrued liabilities.

11. Income Taxes

(a) Effective tax rate

	2002	2001
Combined Canadian federal and provincial income tax rate	33.3%	34.0%
Earnings before income taxes and goodwill amortization	$ 38,330	$ 46,341
Expected income taxes	12,764	15,756
Increase (decrease) resulting from:		
Realized benefit of foreign tax rate	(5,073)	(9,827)
Recognized income tax benefit of losses	(811)	(442)
Unusual items not recognized for tax	9,011	–
Other	620	2,506
Income taxes	16,511	7,993
Income tax recovery on goodwill amortization	–	2,297
Net income taxes	$ 16,511	$ 5,696
Income taxes paid	$ 6,807	$ 7,170

Years ended December 31, 2002 and 2001 (tabular amounts in thousands except per share data)

(b) The tax effects of the significant components of temporary differences giving rise to the Company's net income tax assets and liabilities are as follows:

	2002	2001
Future income tax assets:		
Non-deductible reserves	$ 22,730	$ 22,052
Alternative minimum tax credit carryforward	14,872	19,613
Amount related to tax losses carried forward	33,792	20,982
Future income tax assets before valuation allowance	71,394	62,647
Valuation allowance	(32,281)	(24,446)
Future income tax assets net of valuation allowance	39,113	38,201
Future income tax liabilities:		
Capital assets, goodwill and other assets	89,814	90,924
Other	24,595	19,897
Future income tax liabilities	114,409	110,821
Net future income tax liabilities	$ 75,296	$ 72,620

12. Share Capital

The Company's authorized capital consists of an unlimited number of Class A voting shares and an unlimited number of Class B non-voting shares.

(a) Issued

	Class A		Class B		Exchangeable	
	Shares	Amount	Shares	Amount	Equivalent Shares	Amount
Balance at January 1, 2001	2,465	$ 4,691	33,204	$ 187,718	1,000	$ 16,375
Issued for cash under employee share plans	–	–	28	235	–	–
Conversions from Class A to Class B shares	(2)	(5)	2	5	–	–
Conversion from exchangeable shares to Class B shares	–	–	1,000	16,375	(1,000)	(16,375)
Repurchase of shares	–	–	(2,565)	(14,465)	–	–
Balance at December 31, 2001	2,463	4,686	31,669	189,868	–	–
Issued for cash under employee share plans	–	–	275	3,753	–	–
Conversions from Class A to Class B shares	(16)	(30)	16	30	–	–
Repurchase of shares	–	–	(1,055)	(6,104)	–	–
Balance at December 31, 2002	2,447	$ 4,656	30,905	$ 187,547	–	$ –

During the year, 1.1 million shares (2001 – 2.6 million) were repurchased for $20.5 million (2001 – $29.5 million). The excess of the purchase price over the paid-up capital of $14.4 million (2001 – $15.0 million) was charged to retained earnings.

Total share capital at December 31, 2002 was $192.2 million (2001 – $194.6 million).

(b) Share attributes

Class A

Class A shares carry full voting rights and are convertible at any time into Class B shares. Dividends are currently set at $0.05 per share per annum less than Class B shares.

Class B

Class B shares rank equally in all material respects with the Class A shares, except as follows:

(i) Holders of Class B shares are entitled to receive material and attend, but not to vote at, regular shareholder meetings.

(ii) Holders of Class B shares are entitled to voting privileges when consideration for the Class A shares, under a takeover bid when voting control has been acquired, exceeds 115% of the market price of the Class B shares.

(iii) Holders of Class B shares are entitled to receive, or have set aside for payment, dividends as declared by the Board of Directors from time to time.

Exchangeable

In March 2001, the holder of Class A participating exchangeable common shares of CCL Plastic Packaging Inc., formerly SEDA Specialty Packaging Corp., a wholly owned subsidiary, which were exchangeable at the holder's option into a total of 1,000,000 Class B non-voting shares of CCL Industries Inc., exercised his option to exchange. The holder was entitled to receive dividends equivalent to the dividend rate declared on Class B shares.

(c) Earnings per share

	2002		2001	
	Class A	Class B	Class A	Class B
Earnings before goodwill amortization	$ 0.60	$ 0.65	$ 1.03	$ 1.08
Net earnings	$ 0.60	$ 0.65	$ 0.65	$ 0.70
Diluted earnings	$ 0.59	$ 0.64	$ 0.65	$ 0.70

The weighted average number of equivalent shares issued and outstanding is 33,941,906 (2001 – 35,973,801).

Fully diluted earnings per Class B share reflects the dilutive effect, if any, of the exercise of share options outstanding at December 31, assuming they had been exercised at the beginning of the year.

(d) Stock-based compensation plans

At December 31, 2002, the Company has two stock-based compensation plans, which are described below:

(i) Employee Stock Option Plan

Under the Employee Stock Option Plan, the Company may grant options to employees, officers and directors of the Company for up to 3,000,000 Class B non-voting shares. The exercise price of each option equals the market price of the Company's stock on the date of grant, and an option's maximum term is 10 years. Options vest 20% on the grant date and 20% each year following the grant date.

Years ended December 31, 2002 and 2001 (tabular amounts in thousands except per share data)

The Company accounts for its employee stock option plan using the intrinsic value method. Under the fair value method, additional compensation costs of $1.0 million would have been recorded, of which $0.7 million would have been recorded as an additional unusual expense. Pro-forma net income would have been $20.8 million and pro-forma earnings per share would have been $0.62 for the year. The fair value of options granted has been estimated using the Black-Scholes model using the following assumptions:

Risk-free interest rate	2.75%
Expected life	9 years
Expected volatility	30%
Expected dividends	$0.36

A summary of the status of the Company's Employee Stock Option Plan as of December 31, 2002 and 2001, and changes during the years ending on those dates is presented below:

	2002		2001	
	Shares	**Weighted Average Exercise Price**	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	2,528	$ 12.41	2,567	$ 12.92
Granted	369	18.53	654	12.23
Exercised	(275)	13.65	(28)	8.35
Exercised for cash	(275)	13.36	–	–
Forfeited	(63)	11.48	(504)	14.37
Expired	(47)	16.14	(161)	14.35
Outstanding at end of year	2,237	$ 13.10	2,528	$ 12.41
Options exercisable at end of year	1,304	$ 13.50	1,312	$ 13.42

The following table summarizes information about the employee stock options outstanding at December 31, 2002:

	Options Outstanding			Options Exercisable	
Range of Exercisable Prices	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
$ 8.35–12.00	610	6.2 years	$ 8.48	316	$ 8.44
$12.01–14.00	830	8.2 years	$ 12.53	414	$ 12.52
$14.01–16.00	150	6.7 years	$ 14.74	114	$ 14.72
$16.01–18.85	647	6.7 years	$ 17.81	460	$ 17.53
$ 8.35–18.85	2,237	7.1 years	$ 13.10	1,304	$ 13.50

During 2002, 275,400 stock options that were granted in prior years under the Employee Stock Option Plan were settled for cash of $1.3 million based on the difference between the market value on the date of settlement and the exercise price of the option.

(ii) Executive Share Purchase Plan

Under the Executive Share Purchase Plan, the Company may provide assistance to senior officers and executives of the Company to invest in Class B shares of the Company in the open market by providing interest-free loans. The loans are secured by the Class B shares and are repayable when the shares are sold or upon completion of employment.

In 2001, the Company provided financial assistance to acquire 50,000 Class B shares under the plan at an average price of $9.66. As at December 31, 2002, the amount receivable from senior officers and executives is $1.8 million (2001 – $2.9 million), which is included in other assets.

13. Commitments and Contingencies

The Company has commitments under various long-term operating lease agreements. Future minimum payments under such lease obligations are due as follows:

2003	$ 10,653
2004	10,066
2005	8,016
2006	6,544
2007 and beyond	16,954
	$ 52,233

The Company and its consolidated subsidiaries are defendants in actions brought against them from time to time in connection with their operations. While it is not possible to estimate the outcome of the various proceedings at this time, the Company does not believe they will have a material impact on its financial position or results of operations.

Years ended December 31, 2002 and 2001 (tabular amounts in thousands except per share data)

14. Employee Future Benefits

The Company maintains two defined benefit pension plans, several defined contribution pension plans, three supplemental retirement plans, and other post-employment benefit plans.

The expense for the defined contribution plans was $7.4 million in 2002 (2001 – $6.5 million).

Information on the defined benefit plans, including the defined benefit pension plans, supplemental retirement plans and other post-employment benefit plans, is as follows:

	2002	2001
Accrued benefit obligation:		
Balance at beginning of year	$ 37,241	$ 43,065
Current service cost	481	1,975
Interest cost	2,301	2,175
Expenses and insurance premiums	–	(399)
Employee contributions	–	876
Benefits paid	(1,597)	(1,521)
Actuarial loss (gain)	2,693	(3,298)
Reinstatements and transfers	266	826
Transfer to defined contribution plan	–	(7,326)
Foreign exchange rate changes	2,962	868
Balance at end of year	$ 44,347	$ 37,241
Plan assets:		
Fair value at beginning of year	$ 26,719	$ 33,567
Actual return on plan assets	(4,462)	(2,191)
Employer contributions	24	1,583
Employee contributions	–	876
Benefits paid	(367)	(637)
Reinstatements and transfers	266	1,048
Transfer to defined contribution plan	–	(8,335)
Foreign exchange rate changes	1,916	808
Fair value at end of year	$ 24,096	$ 26,719
Funded status – net deficit of plans	$ (20,251)	$ (10,522)
Unamortized net actuarial loss	10,943	1,258
Accrued benefit obligation	(9,308)	(9,264)
Valuation allowances	–	(201)
Accrued benefit obligation, net of valuation allowances	$ (9,308)	$ (9,465)

Included in the above accrued benefit obligation for 2002 is $9.1 million (2001 – $9.3 million) for the unfunded supplemental retirement plans and other post-employment benefit plans.

The significant actuarial assumptions adopted in measuring the Company's accrued benefit obligations are as follows:

	2002	2001
Discount rate	5.74 %	6.30 %
Expected long-term rate of return on plan assets	7.07 %	7.06 %
Rate of compensation increase	3.54 %	3.80 %

	2002	2001
The Company's net benefit plan expense is as follows:		
Current service cost	$ 481	$ 1,975
Interest cost	2,301	2,175
Expected return on plan assets	(1,914)	(1,878)
Net benefit plan expense	$ 868	$ 2,272

In 2000, the Company changed one of the defined benefit plans into a defined contribution plan. This gave rise to a curtailment gain of $0.9 million in 2000. The balance of the settlement gain/loss will be recognized when the final distributions are settled in 2003.

15. Segmented Information

The Company's reportable segments are generally managed independently of each other, primarily because of product diversity. Each segment retains its own management team and is responsible for compiling its own financial information.

The Company has three reportable segments: Custom Manufacturing, Container and Label. The Custom Manufacturing segment produces aerosol, liquid and solid stick products. The Container segment manufactures aluminum containers, and aluminum, tin, laminate and plastic tubes, and plastic jars and closures. The Label segment produces pressure-sensitive self-adhesive labels, and designs and prints a wide range of high-quality paper and film, expanded content, promotional, coupon and in-mold labels.

Transactions with two significant customers in 2002 accounted for approximately $365 million (2001 – one customer for $167 million) of the Company's total revenue.

The accounting policies of the segments are the same as those described in the summary of accounting policies. The Company evaluates performance based on income from operations before interest, unusual items and income taxes, and based on the return on operating assets.

Years ended December 31, 2002 and 2001 (in thousands of dollars except per share data)

(a) Industry segments

	Sales 2002	Sales 2001	Segment Income 2002	Segment Income 2001 As restated (note 2)
Custom Manufacturing	$ 919,403	$ 886,320	$ 54,478	$ 47,558
Container	351,241	328,179	29,728	18,074
Label	414,295	385,998	32,617	26,235
	$1,684,939	$1,600,497	116,823	91,867
Corporate expense			8,552	5,427
Interest expense (net)			30,859	32,415
Unusual items (net)			39,082	7,684
Income taxes			16,511	7,993
Goodwill amortization (net of tax)			–	13,457
Net earnings			$ 21,819	$ 24,891

	Identifiable Assets 2002	Identifiable Assets 2001	Goodwill 2002 (note 2)	Goodwill 2001 (note 2)	Depreciation & Amortization 2002	Depreciation & Amortization 2001 As restated (note 2)	Capital Expenditures 2002	Capital Expenditures 2001
Custom Manufacturing	$ 378,670	$ 383,865	$ 40,509	$ 39,441	$ 20,205	$ 21,568	$ 22,306	$ 16,774
Container	404,652	562,848	63,861	189,494	30,193	28,589	14,791	20,997
Label	403,977	361,205	170,695	172,055	24,421	22,524	33,704	16,859
Corporate	155,450	147,073	–	–	966	758	642	965
	$1,342,749	$ 1,454,991	$ 275,065	$ 400,990	$ 75,785	$ 73,439	$ 71,443	$ 55,595

(b) Geographic segments

	Sales 2002	Sales 2001	Capital Assets & Goodwill 2002 (note 2)	Capital Assets & Goodwill 2001 (note 2)
Canada	$ 329,173	$ 300,971	$ 79,522	$ 86,170
United States	1,072,212	1,057,558	619,487	762,150
Europe	283,554	241,968	84,015	57,340
	$1,684,939	$ 1,600,497	$ 783,024	$ 905,660

16. Financial Instruments

(a) Risk management activities

The Company has entered into forward foreign exchange contracts to hedge its foreign exposure on anticipated U.S. sales. The contracts oblige the Company to sell U.S. dollars in the future at predetermined rates. As at December 31, 2002, the Company had purchased contracts to sell US$24.0 million in the next 12 months at an average exchange rate of $1.59.

The Company also enters into futures contracts to hedge the cost of aluminum used in its container manufacturing process against specific customer requirements. As at December 31, 2002, futures contracts for US$65.9 million of aluminum purchase commitments, extending to 2006, were outstanding.

(b) Credit risk

Certain of the Company's financial assets, including cash and cash equivalents, are exposed to credit risk. The Company may, from time to time, invest in debt obligations and commercial paper of governments and corporations. Such investments are limited to those issuers carrying an investment grade credit rating. In addition, the Company limits the amount that is invested in issues of any one government or corporation.

(c) Fair values

The carrying value of cash and cash equivalents, accounts receivable, other receivables, other assets, bank advances, and accounts payable and accrued liabilities approximates fair value due to the short-term maturities of these instruments.

The fair value of long-term debt is $575.3 million (2001 – $520.1 million). Fair value of long-term debt is determined as the present value of contractual future payments of principal and interest discounted at the current market rates of interest available to the Company for the same or similar debt instruments.

The forward foreign exchange contract rates approximate year-end market rates and therefore the contracts have no significant fair value.

The unrealized gain on the Interest Rate Swap Agreements as at December 31, 2002 amounted to $7.4 million.

Future aluminum contracts which have become unfavourable constitute unrecognized financial liabilities and have a fair value of $5.3 million.

ELEVEN YEAR FINANCIAL SUMMARY

(in thousands of dollars except per share and ratio data)

	2002	2001	2000	1999
Sales and Net Earnings				
Sales	$ 1,684,939	$ 1,600,497	$ 1,589,087	$ 1,568,875
Depreciation and amortization	75,785	89,193	90,555	84,210
Interest expense	30,859	32,415	36,560	35,642
Earnings before goodwill amortization	21,819	38,348	39,452	66,371
Net earnings	*21,819	**24,891	***26,654	53,630
Net earnings per Class B share before goodwill amortization	$ 0.65	$ 1.08	$ 1.04	$ 1.68
Net earnings per Class B share	$ *0.65	$ **0.70	$ ***0.70	$ 1.36
Financial Position				
Current assets	$ 529,316	$ 488,105	$ 434,418	$ 447,403
Current liabilities	292,143	264,519	243,660	298,663
Working capital	237,173	223,586	190,758	148,740
Total assets	1,342,749	1,454,991	1,392,820	1,422,455
Net debt	366,279	435,755	486,139	512,601
Shareholders' equity	436,996	563,704	558,201	564,298
Net debt to equity ratio	0.84	0.77	0.87	0.91
Net debt to total capitalization	45.6%	43.6%	46.5%	47.6%
Number of Shares *(in thousands)*				
Class A – December 31	2,447	2,463	2,465	2,469
Class B – December 31 (note 1)	30,905	31,669	34,204	36,814
Weighted average for the year	33,942	35,974	38,267	39,668
Cash Flow				
EBITDA (note 2)	$ 184,056	$ 159,879	$ 183,295	$ 197,532
Cash provided by operations	172,051	138,578	132,961	124,705
Additions to capital assets	71,443	55,595	61,086	91,109
Business acquisitions	18,249	–	–	19,768
Dividends	11,441	11,350	12,077	12,174
Dividends per Class B share	$ 0.34	$ 0.32	$ 0.32	$ 0.31
Cash flow per Class B share (note 3)	$ 3.94	$ 3.39	$ 3.47	$ 3.48

* After pre-tax unusual items of $39.1 million.

** After pre-tax unusual items of $7.7 million.

*** After pre-tax unusual items of $18.8 million.

**** After net pre-tax gain of $0.4 million on sale of Kolmar Cosmetics, the Powder operations and write-down of U.K. Parkfields unit.

***** After pre-tax gain of $65.9 million on sale of Crown Cork & Seal shares and asset write-down and provision for restructuring costs of $69.7 million.

****** After pre-tax gain of $48.2 million on sale of Crown Cork & Seal shares.

Note 1 Class B shares include outstanding exchangeable shares.

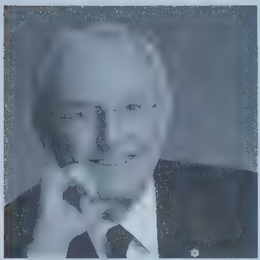
Note 2 EBITDA defined as earnings before interest, unusual items, income taxes, depreciation and amortization.

Note 3 Cash flow defined as net earnings before unusual items, plus depreciation and amortization.

1998	1997	1996	1995	1994	1993	1992
$ 1,469,195	$ 1,283,192	$ 1,151,546	$ 979,318	$ 933,226	$ 830,264	$ 709,602
75,710	56,464	45,790	37,651	35,448	33,035	28,910
35,195	23,583	18,653	11,952	8,884	10,899	15,777
55,942	48,766	44,131	35,011	30,272	8,934	47,411
44,394	****40,710	38,646	32,768	28,035	*****6,103	******44,708
$ 1.53	$ 1.38	$ 1.28	$ 1.04	$ 0.91	$ 0.27	$ 1.45
$ 1.22	$ ****1.16	$ 1.13	$ 0.98	$ 0.85	$ *****0.19	$ ******1.37
$ 429,990	$ 456,793	$ 313,361	$ 266,204	$ 250,514	$ 287,670	$ 314,651
261,251	417,115	256,711	208,493	218,703	236,265	239,583
168,739	39,678	56,650	57,711	31,811	51,405	75,068
1,412,908	1,243,175	842,254	780,079	651,004	650,919	737,442
506,057	521,347	234,444	242,848	133,875	66,739	248,792
571,417	449,880	394,104	357,867	335,287	313,621	302,925
0.89	1.16	0.59	0.68	0.40	0.21	0.82
47.0%	53.7%	37.3%	40.4%	28.5%	17.5%	45.1%
2,471	2,474	2,498	2,509	3,425	3,560	3,678
37,457	33,512	32,477	31,612	29,503	30,292	29,229
36,596	35,295	34,436	33,710	33,313	33,246	32,879
$ 174,874	$ 139,896	$ 120,953	$ 100,991	$ 89,180	$ 65,518	$ 63,210
97,393	108,657	73,359	60,430	49,677	20,912	20,020
98,955	72,522	43,172	44,743	49,235	62,253	41,786
129,949	274,227	12,397	128,222	10,045	–	13,858
10,259	9,797	9,542	9,374	9,156	9,175	9,024
$ 0.28	$ 0.28	$ 0.28	$ 0.28	$ 0.28	$ 0.28	$ 0.28
$ 3.28	$ 2.76	$ 2.45	$ 2.09	$ 1.91	$ 1.44	$ 1.29

Corporate Governance

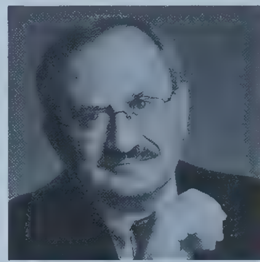
CCL has adopted formal governance practices in accordance with the guidelines published by the Toronto Stock Exchange (TSX). The guidelines set out recommendations concerning the responsibilities, composition, and practices of boards of directors and their committees.


Jon K. Grant


Donald G. Lang

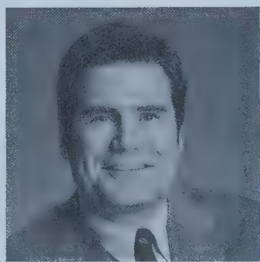

Paul J. Block

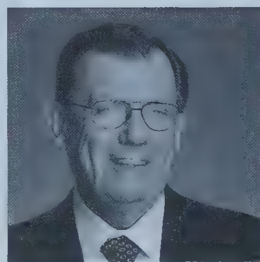

Dermot G. Coughlan


Albert Gnat


Stephen Friedman


Jean-René Halde


Stuart W. Lang


Lawrence G. Tapp

Mandate of the Board

CCL's Board has a written mandate which includes among the duties and objectives of the Board: the approval and monitoring of the strategic, business and capital plans of the Corporation; succession planning for senior management; assessment of risk factors affecting the Corporation; and ensuring the integrity of the reporting and information controls that enable the Board to function effectively.

Composition of the Board

The TSE recommends that the majority of directors on the Board be "unrelated" to the Corporation. At present, six of the Company's nine directors are unrelated, which means that they are not members of management, and do not have any material interests or relationships with the Corporation other than as shareholders.

Board Committees

The TSE recommends that committees of the Board generally be composed of outside directors (meaning directors who are not employees of the Corporation), a majority of whom are also unrelated directors.

The Audit Committee consists of four directors, three of whom are unrelated and outside directors, and one of whom is an outside related director. Its mandate includes: the review of financial statements; the monitoring of appropriate accounting and financial system controls; and the evaluation of the external auditors.

The Human Resources Committee consists of five unrelated and outside directors. The mandate of this committee includes: the recommendation of executive compensation programs for all officers including the CEO; review of officers' performance; monitoring and managing the succession planning process; reviewing the appropriateness of directors' compensation; and evaluating the performance of the CEO.

The Nominating and Governance Committee consists of four directors, three of whom are outside and unrelated directors. The mandate of the committee includes: finding and recommending new directors; the orientation and education of directors; the recommendation of directors for committee memberships; and the overall monitoring of the performance of the Board of Directors and its committees.

The Environment and Health & Safety Committee consists of four directors, two of whom are unrelated and outside directors. The committee is responsible for reviewing the Corporation's policies and programs governing health, safety and environmental matters, monitoring the effectiveness of current management systems and recommending improvements as needed.

For a complete discussion of CCL's corporate governance practices, please refer to CCL's Management Proxy Circular.

Directors, Officers and Members of the Committees of the Board of Directors

Directors

Jon K. Grant, O.C., B.A. (Hon.), LL.D., Chairman

Jon K. Grant is chairman of the board of CCL Industries, and a director of Agricore United and AXA (Canada) Insurance. He is also retired chairman and CEO of Quaker Oats Company of Canada Limited, retired chairman of Laurentian Bank, and past chair of the board of governors of Trent University. He is a former chairman of Scott Paper Limited and Canada Lands Company and is currently vice chair of the Nature Conservancy of Canada and chair of the Canadian Canoe Museum. Mr. Grant has served as a director of CCL since 1994.

Donald G. Lang, B.A. (Hon.), President & CEO

Donald G. Lang became president and CEO of CCL in 1999. Previously, he was CCL's president and COO, after leading the CCL Custom Manufacturing Division in Chicago, Illinois, for five years. A twenty-year veteran of CCL, Mr. Lang has been a company director since 1991 and is on the Advisory Committee of the Richard Ivey School of Business. Mr. Lang holds an Honours Bachelor of Arts degree from the Richard Ivey School of Business, University of Western Ontario.

Stuart W. Lang, B.Sc. (Eng.),
President, CCL Label International

Stuart W. Lang became president, CCL Label International, in February 2002. Previously, he was president of CCL Label Canada/Mexico and has been a director since 1991. He has held senior positions throughout the Custom Manufacturing and Label Divisions since joining the Company in 1982. Prior to this, Mr. Lang played for the CFL's Edmonton Eskimos for eight years following his graduation from Queen's University in Chemical Engineering in 1974.

Paul J. Block

Paul J. Block is chairman and CEO of Proteus Capital Associates, LLC, an investment banking firm. Previously, Mr. Block was a senior consultant to Lehman Brothers, senior advisor to American International Group (AIG) and was chairman and president of Revlon International. Mr. Block is a board member of the China Retail Fund and the Shanghai-Syracuse University International School of Business. He is also a member of the Advisory Board of the Syracuse University School of Management. Mr. Block has served as a director of CCL since 1997.

Dermot G. Coughlan, F.C.C.A – U.K.

Dermot G. Coughlan is chairman and CEO of Derland Holdings Inc., a private investment holding company. He is also the former founder, chairman and CEO of Derlan Industries Limited. Mr. Coughlan has served as a director of CCL since 1991. He is a member of, and has served on, the board of the Chief Executives Organization from 1994 to 2000, in addition to a number of community and private boards. He currently provides international consulting services to a variety of major industrial concerns worldwide.

Stephen J. Friedman, LL.B., A.B.

Stephen J. Friedman is a senior partner with the New York–based international law firm of Debevoise & Plimpton. Mr. Friedman was previously executive vice president and general counsel of The Equitable Companies Inc. He served as commissioner of the Securities and Exchange Commission and as deputy assistant secretary of the Treasury for Capital Markets Policy. Mr. Friedman, a director of CCL since 2001, also serves on the boards of the American Ballet Theatre, the Practising Law Institute and the United Way of New York City.

Albert Gnat, LL.B, Q.C.

Albert Gnat is a senior partner at Lang Michener, a Toronto law firm. Mr. Gnat has served major public corporations for more than thirty years, specializing in securities law, mergers and acquisitions, and finance transactions. A director of CCL since 1973, Mr. Gnat also serves on the boards of several other Canadian corporations including AMJ Campbell Inc., Leitch Technology Corporation, IKEA Limited, MDC Corporation Inc., Rogers Communications Inc., Rogers Wireless Communications Inc., Slater Steel Inc., and Vitran Corporation.

Jean-René Halde, M.B.A., M.A.

Jean-René Halde served as president and CEO of Irwin Toy Limited from 2001 to 2003. Prior to that, he was president and CEO of Livingston Group Inc. (later Livgroup Investments Ltd.) from 1995 to 2001. He was also president and CEO of Culinar Inc. from 1987 to 1994. Mr. Halde is a member of the World Presidents Organization and has served as a director of CCL since 2001.

Lawrence G. Tapp, B.A., B.B.A.

Lawrence G. Tapp is dean of the Richard Ivey School of Business. He is an international chief executive officer as well as an innovative educator, and is skilled in initiating change and improving performance. A CCL director since 1994, Mr. Tapp was vice chairman, president and CEO of Lawson Mardon Group Ltd. from 1985 to 1992.

Officers

Akhil Bhandari
Vice President,
Information Technology,
and Chief Information Officer

Paul Cummings
Vice President, and President
CCL Custom Manufacturing

Gene Dorsch
Vice President, and President
CCL Plastic Packaging

Jon K. Grant
Chairman of the Board

Steven W. Lancaster
Senior Vice President
and Chief Financial Officer

Donald G. Lang
President and
Chief Executive Officer

Stuart W. Lang
Vice President, and President
CCL Label International

Geoffrey Martin
Vice President, and President
CCL Label

Mary T. Roy
Vice President
Environmental and Regulatory Services

Bohdan I. Sirota
General Counsel and
Secretary

Meldon H. Snider
Executive Vice President

Janis M. Wade
Senior Vice President
Human Resources and
Corporate Communications

Rami E. Younes
Vice President, and President
CCL Container

Richard Zakaib
Vice President
Corporate Development

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Internet: www.cclind.com

Annual Shareholders' Meeting
The Annual and Special Shareholders' Meeting will be held on May 1, 2003 at 4:00 p.m.
TSX Conference Centre
TSX Auditorium
The Exchange Tower
130 King Street West
Toronto, Ontario

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Class B Share Information

Stock Symbol	CCL.B
Listed	TSX
Opening Price	$ 14.60
Closing Price	$ 19.46
Number of Trades	13,863
Trading Volume (shares)	15,146,773
Trading Value	$ 277,151,323
Annual Dividends Declared	$ 0.34

Shares Outstanding at December 31, 2002

Class A	2,447,419
Class B	30,905,424

There are two classes of CCL shares. Class A shares are voting and Class B are non-voting shares. Share attributes of both classes are listed on page 45 of this report.

CCL Custom Manufacturing

Paul Cummings, President

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Rami E. Younes, President

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Gene Dorsch, President

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